



Daily Report

Latin America

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INTERNATIONAL AFFAIRS

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International Affairs: Mercosur, EU Seek Joint Stance at WTO

PY1306152996 Sao Paulo AGENCIA ESTADO
in Portuguese 0020 GMT 12 Jun 96

[Report by Renata de Freitas]

[FBIS Translated Text] London, 11 Jun (AE) — The Mercosur [Common Market of the South] and the EU are working together to assume a concurrent position during the first summit of the WTO that will take place by the end of the year in Singapore. Foreign Minister Luiz Felipe Lampreia today met in Brussels with representatives of the European Commission to identify disagreements.

"The main agreement between the EU and the Mercosur is to defend multilateralism against the U.S. veto to defend unilateral measures," said Brazilian Ambassador to the EU in Brussels Jorio Dauster. According to him, there is a natural agreement between the two economic blocs.

Minister Lampreia met with British commissary Leon Brittan, sponsor of the multilateral code of investments, which is a proposal that could end with the signing of bilateral agreements to protect capital. "The proposal envisages the creation of universal rules instead of signing hundreds of bilateral agreements," Dauster said. Brazil alone has signed bilateral agreements with 50 countries. "On this subject, Brazil has a considerably progressive approach which is: Why not discuss the proposal?" he said.

The main point of disagreement between the EU and the Mercosur is the social clause. This subject will probably be the most controversial one during the WTO negotiations in Singapore. The 15 member countries agree that it is necessary to make progress toward the protection of the rights of the workers and to prevent the exploitation of child labor. Brazil, however, does not even want to discuss the subject, fearing the creation of a new non-tariff barrier.

There are also some proposals to further reduce the trade tariffs before the 2001 deadline established by the GATT Uruguay Round of Talks. "Brazil, as well as other developing countries, believes it is too early for a new tariff reduction," Dauster said.

During the meetings he held in Brussels, Minister Lampreia again expressed that the Mercosur wants further opening for its exports. "The Mercosur has been the most dynamic market for the EU in the past three years," said Ambassador Dauster. Brazilian exports to the EU historically amounted to \$12 billion and imports amounted to \$6 billion. Nowadays, they are practically the same.

According to Dauster, Brazil can insist on this point now because it gained authority to do so after having opened its economy. "Now we can say: Our system is transparent," he said.

Cuba

Cuba: Clinton Said Reviewing 'Extraterritorial' U.S. Law

PA1406004796 Havana Radio Rebelde Network
in Spanish 1700 GMT 13 Jun 96

[From the "National Radio News" newscast]

[FBIS Translated Text] Clinton said he is reviewing point by point the extraterritorial nature of the Helms-Burton law. Clinton admitted today he is concerned about complaints of extraterritoriality against the polemical Helms-Burton law and revealed that his government is reviewing this aspect. The president said this during a news conference at the White House at the conclusion of his talks with European Commission President Jacques Santer and Italian Prime Minister Romano Prodi.

Clinton gave no details of the complications of the law promulgated on 12 March. Some of the most polemical chapters of the law have not been implemented. This presidential note has been the first expression of concern over the extraterritoriality of the law since its promulgation. It has come following a universal flood of criticism against the law aimed at intensifying the blockade on Cuba.

At the news conference, Jacques Santer said it is unjustifiable to impose one's political views on other countries and cautioned that the implementation of the Helms-Burton law could provoke reactions that should be avoided for the well-being of Europe and the United States.

Clinton, Santer, Prodi, and the vice president of the European Commission, (Bryon Griffith), met for more than two hours in the White House where they discussed several issues. According to analysts, the most outstanding aspect of the meeting was the profound disagreement between the EU and the United States over the Helms-Burton law.

Cuba: Castro Arrives in Istanbul for Habitat II Forum

PA1306144496 Havana PRENSA LATINA in Spanish
1344 GMT 13 Jun 96

[FBIS Translated Text] Istanbul, 13 Jun (PL) — Cuban President Fidel Castro arrived here today in this capital city to attend the plenary session of the UN Conference on Human Settlements, Habitat II.

With this, Fidel Castro becomes the only Latin American head of state attending the forum that started on 3 June in this Turkish city and includes the participation of nearly 160 nations.

The meeting is scheduled to conclude tomorrow with the adoption of the so-called Habitat Agenda, proposed as a global action guide in the establishment of human settlements up until the 21st century.

Cuba: Havana Reports Castro's Arrival in Turkey

PA1306200896 Havana Radio Rebelde Network
in Spanish 1700 GMT 13 Jun 96

[Report by special correspondent Isidro Fardales; for the "National Radio News" newscast]

[FBIS Translated Text] Cuban President Fidel Castro arrived in Istanbul at 0315, local time; 0800 [as heard] Havana time. He was greeted at Istanbul's airport by President Suleyman Demirel.

A crowd of reporters from all the national and foreign media accredited to cover the last summit scheduled for this century were present at the Istanbul Airport air field to record the sights and sounds of what many have described as the most prominent arrival of this meeting, that of Cuban President Fidel Castro.

Fidel Castro is in Istanbul to attend the UN International Conference on Human Settlements, Habitat II, which began on 3 June and will enter its final phase on Friday to conclude that day at the chiefs-of-state level.

Chiefs of state and prime ministers, as well as their representatives, must approve the Declaration of Istanbul on a habitat program, a world program on human settlement problems, which is now near conclusion.

Some chiefs of state, including Fidel Castro, are scheduled to speak prior to the signing of Habitat II. According to the 14 June schedule, Fidel Castro should address the session at 1100.

News reports on the arrival of the Cuban president say that he has become the star of the conference and that Turkish citizens cheered him on the streets. Fidel was greeted by hundreds of Turks carrying carnations, Cuban and Turkish flags, posters with the pictures of Fidel Castro and Che, and banners reading Viva Turkish-Cuban Friendship and Welcome, Fidel.

Referring to his first impressions on arrival at Istanbul, Fidel Castro said at the airport: Being in Istanbul is like a dream. Istanbul is as beautiful as the novels of Garcia Marquez. Being here is like meeting history.

Thousands of people, including government representatives, members of nongovernment organizations, businessmen, and young people have been in the capital of Turkey [as heard] since 3 June for the UN-sponsored habitat conference for the purpose of developing a program to improve human settlements.

Cuba: Castro Interviewed at UN Habitat Conference

LD1306203796 Rome RAI Radio Uno Network in Italian 1730 GMT 13 Jun 96

[FBIS Translated Text] Cuban President Fidel Castro has arrived in Istanbul for the UN habitat conference. He gave this exclusive interview to our correspondent Raffaele Luisa.

[Begin recording] [Luisa] President Castro, the divide between the north and south of the world is growing more and more, as we saw at this UN conference. Why?

[Castro, in Spanish with superimposed Italian translation] As you know, it is a question of historic causes, linked above all to colonialism. Economic and commercial exchange between the north and south is becoming ever more unequal, and the difference between rich and poor is growing ever more rapidly. It is terrible: The rich countries want to become richer, and have accumulated a great quantity of economic and financial wealth at the expense of the rest of the world. It is a question that will take much time to resolve. Recently, the rich countries have achieved an unprecedented degree of power, which has allowed them to dominate the entire world economy thanks to their monopoly of technology.

[Luisa] Then, waving in his gray and green outfit, Fidel left: We will meet him again tomorrow for his keenly awaited speech. [end recording]

Cuba: Kidnappers of Colombia's Gaviria Arrive in Capital

PA1306235396 Havana PRENSA LATINA in Spanish 1808 GMT 13 Jun 96

[FBIS Translated Text] Havana, 13 Jun (PL) — The Cuban Government, together with Colombian authorities, participated in the search for an honorable solution that has led to the release of Juan Carlos Gaviria [words indistinct]. Foreign Ministry Spokesman Miguel Alfonso has confirmed in his weekly news conference that a group of members from the organization involved in the kidnapping and some of their relatives had arrived in this capital hours ago. He added that the solution, which includes these people's trip to Cuba, had the consent of all parties involved. We can term this solution as honorable and human, he added.

The release of the brother of Cesar Gaviria, OAS secretary general and former Colombian president, occurred after Cuban President Fidel Castro [words indistinct] on 11 June and in response to a request from the relatives of the kidnapped man [words indistinct] public in the sense that for humanitarian reasons [words indistinct].

The spokesman declined to comment on the Colombian Congress' exoneration of Colombian President Ernesto Samper in connection with the charges for an alleged use of drug-trafficking resources in his electoral campaign. Those are situations of great tension and attrition in a government and issues that are the internal jurisdiction of another country; thus, Cuba does not usually comment on cases such as this, he said.

In another part of his news conference he announced that Cuban Culture Minister Armando Hart will travel to Argentina on 16 June to sign a bilateral, cultural agreement with his counterpart in that South American nation. He also said a Swiss delegation led by Nicholas Imboden, a delegate of that country's federal council for commercial and multilateral agreements, will visit Cuba from 27 June to 2 July with the intention of signing an agreement for the mutual protection of investments.

Simon Mwila, vice president of the Zambian Parliament, also will visit the Antillean nation, remaining here from 17 to 23 June in compliance with an invitation from the Cuban National Assembly of the People's Government (parliament).

Lastly, Alfonso said Foreign Minister Roberto Robaina's current tour through Africa will include Tanzania, Mozambique, South Africa, and Botswana, and will last for approximately two weeks.

Cuba: Cooperation, Economic Agreements Signed With PRC

PA1306134796 Havana Radio Havana Cuba in Spanish 0000 GMT 12 Jun 96

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Wu Yi, foreign trade and economic minister of the People's Republic of China (PRC), inaugurated on Tuesday, in Havana, a sales representatives office of the Textile Import and Export Corporation (Chinatex) which is described as a significant phase in Cuban-PRC bilateral economic relations.

In statements to the news media, the PRC minister commented on her meeting with President Fidel Castro, whom she admires for defying the U.S. blockade against Cuba and overcoming difficulties.

Wu Yi said they discussed, in a friendly environment, the prospects for improving PRC-Cuban economic and commercial relations and the friendship between the two peoples. Wu Yi said that the first technical cooperation project in rice farming has been concluded in some 200 hectares in the island.

The PRC minister says that preparations are being made to implement other projects, such as mini-hydroelectric

plants, solar energy, fish farming, duck farming, helium plants, and other projects.

The PRC represents 8 percent of Cuba's total trade, and occupies fourth place in trade exchange, following Canada, Spain, and Mexico.

Cuba: Interparliamentary Agreement Signed With Mexico

PA1306173496 Havana Radio Havana Cuba in Spanish 0000 GMT 11 Jun 96

[Report by Barbara Betancourt; from the "Evening Information Review" newscast — passages within quotation marks recorded]

[FBIS Translated Text] Cuba's National Assembly of the People's Government [ANPP] and the Mexican Congress signed in Havana an agreement to hold annual interparliamentary meetings to strengthen bilateral ties.

Mexican Deputy Ignacio Ovalle read the document that reiterates both parties' resolve to ensure the application of universal principles of value on which the friendship and relations of its two peoples rests.

[Ovalle] "It is worth noting the importance for Latin America, the Caribbean, and the world that we are bent on defending and ensuring respect for principles so dear to mankind. These principles are nonintervention, sovereign self-determination, freedom to establish commercial relations, as well as a rejection to unilateral attitudes that any country assumes for the purpose of extraterritorially enforcing its laws. This is the case of the Helms-Burton law, which was met with concern and rejection by the community of nations because the law is said to attack the basic norms of international law."

The text proposes that the first binational interparliamentary meeting take place within the first two weeks in August, here in Havana.

[Ovalle] "Both sides feel it is appropriate to examine the following at the first meeting: Political aspects; migration; joint actions in international organizations; regional and international bilateral economic relations; social development; the Helms-Burton law; parliamentary cooperation and relationships; Latin American integration processes; regional and bilateral security; the struggle against drug trafficking; ecology and environment; education; culture; sports; and tourism."

The agreement was signed, on the Cuban side, by Deputy Jorge Lezcano, president of the ANPP's International Relations Commission, who highlighted the long trajectory of bilateral ties. He thanked the unconditional solidarity of the Mexican Government to the Cuban people.

[Lezcano] "This is one more gesture for which we have to be grateful. I take this opportunity to thank the Mexican Government over the recent OAS meeting. There, an agreement was reached to reject the Helms-Burton law and measures were adopted therein, which left the United States alone in this meeting and in this discussion. Thanks to the Mexican Government and its people, in the voice of its foreign secretary, who lead the decision and assumed such a dignified position. This is in keeping with Mexico's tradition. I take this opportunity, in the name of the ANPP, our people, and our government, we ask our Mexican congressmen friends and the ambassador who honors us with his presence, to relay our appreciation to the Mexican Government, its Congress, and its people, for this noble, dignified, and brave gesture, which Mexico has once again displayed toward Cuba."

Jose Angel Conchello, president of the Mexican Senate's Foreign Relations Commission, told us that his country has similar agreements with the parliaments of the United States, Canada, Spain, and Chile, among others, and stressed the importance of having them with Cuba.

[Conchello] "We have now reached a point that forces us to intensify our communications with those countries with which Mexico regards, for historic and cultural reasons and also for geopolitical reasons, as very important that we maintain not only this communication, but make it more intensive."

Mexico and Cuba signed an agreement to hold an annual binational interparliamentary meeting to deepen relations and exchange experiences to solve their respective regional problems.

Cuba: Bahamas Returns 30 Illegal Immigrants

PA1206181496 Havana PRENSA LATINA in Spanish 1738 GMT 11 Jun 96

[FBIS Translated Text] Havana, 11 Jun (PL) — A group of 38 illegal Cuban emigrants arrived here today from the Bahamas in keeping with an agreement signed by authorities from the two countries last January to repatriate rafters.

The returned Cuban citizens are mostly from the eastern provinces of Camaguey and Las Tunas. They left Cuba between the end of 1995 and the beginning of this year and had remained in a retention center at the Bahamian capital of Nassau since then.

Approximately 10 women and children are part of the group of repatriates traveling back to Havana with Carlton Wright, permanent deputy secretary for

the Ministry of Public Safety and Immigration of the Bahamas.

Last April the neighboring country deported another 26 Cuban illegal emigrants who arrived in that territory after 4 August 1994, the date covered by the retroactive effects of the agreement.

Cuba signed similar agreements with the United States and the Cayman Islands, by virtue of which it guarantees to reinsert the repatriates into society after going through the proper legal procedures and a medical examination.

According to the Bahamian Government representative, currently over 200 Cubans remain in the Bahamas, and they will be returned to their home country gradually.

Cuba: New Ciego de Avila Water Supply System Almost Ready

PA1206192696 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 8 Jun 96

[From the "NTV" newscast]

[FBIS Translated Text] Every year, 100 million cubic meters of water will be moved by this water system [hydro conjunto] to cover the needs of the rice program in Chambas, northern Ciego de Avila Province. Currently, 80 percent of the construction has been completed. Apart from the collector [derivadora], situated at the Chambas River, the project contemplates a main canal — of over 4 kms — a retaining wall, and several other industrial elements. Its importance was explained to us by several specialists from the hydraulic resources institute. This project enables the water level in the rice fields to be maintained. Everything will work through gravity, without the use of fuel, and measures to fight possible floods are also being taken into consideration. This work allows the reactivation of a canal in this area, which will now function as a relief area.

Very near here, the first 50 caballerias of the 400 comprising this rice program have already been plowed. The men of the Heroes de Cuito Cuanavale Contingent, with the aid of other workers, are working up to 16 hours a day so that the water reaches the planted areas as soon as possible.

Cuba: 'Open Agenda' Discusses Cuban Prostitution

PA1206174796 Havana Cubavision Network in Spanish 0209 GMT 12 Jun 96

["Open Agenda" television program; hosted by Antonio Resillez with guests Rosa Miriam Elizalde and Jonathan Quiros in Havana 12 June —live]

[FBIS Summary] Today's subject is prostitution. The program starts by showing a video of a young woman

on horseback. The caption reads: "Easy Riding [jinetismo] or Prostitution?" Resillez, sitting in his usual rattan rocking chair at the studio, introduces the subject, which he describes as controversial and sensitive. He recalls that, in 1959, when there were approximately 6 million Cubans, 100,000 prostitutes worked in the country. He adds that the revolution did away with this blight.

In the 1990's, he goes on, prostitution returned to Cuban society as a result of the special period. He says: "I must say that there is a consensus on the fact that prostitution is the result, among other reasons, of our economic difficulties — obviously, of the special period. We had and still have to take certain measures to curb, to some extent, this blight, prostitution. These measures have included the legalization of the dollar as legal tender and the development of tourism, which has brought many foreigners to our land. However, there are other factors, such as the fall of the former Soviet Union and European socialism, the toughening of the blockade, and so on."

Resillez points out that, at the beginning, this phenomenon was called easy riding, but that there now is an evident current in the country to identify this phenomenon as prostitution, thus avoiding the need to refer exclusively to female prostitutes, but to the whole prostitution system. The host insists this issue is quite controversial.

At 0216 GMT, Resillez introduces the program's guests: Journalist Rosa Miriam Elizalde from daily JUVENTUD REBELDE and social researcher Jonathan Quiros. Both of them have extensively dealt with this social phenomenon. The host asks Elizalde to give an overview of prostitution in Cuba. She proceeds to explain why prostitution in Cuba is not the traditional phenomenon we all know. In Cuba, she maintains, youths prostitute themselves to procure items not easily found on the national economy. Another difference is that these people are highly educated. Specialists, she goes on, point out that these prostitutes have high self-esteem, that they do not believe this practice tarnishes their dignity. Resillez agrees.

Quiros then refers to the surveys conducted to examine the features of prostitution in Cuba. Both Elizalde and Quiros comment on what makes Cuban prostitution different from prostitution in other countries. Next, Resillez presents a video report showing a young mulatto woman wearing a bikini being interviewed on the beach as she sits in the sand by a slender Caucasian man in his thirties. She claims she is in love with him. The video then shows French tour operator Christian Bethuim making statements, followed by a young woman wearing a swimsuit, reclining on a beach bench, being interviewed. Bethuim then explains that

"there is a myth in Cuba that marrying a foreigner leads to a wonderful life abroad. They do not see the negative aspects of this; it is not easy to live abroad. There is gloomy weather eight months of the year; rain and cold weather prevail. There is not much communication there, because people tend to be selfish and stay at home." He adds: "Social communication is the essence of Cubans; if you take this away from them, you are taking their lives too." The video then shows a brief shot of a young woman in bikini drinking with two men with large bellies and wearing small bathing suits and a brief shot of two women in tight outfits standing by the roadside.

Host Resillez returns and broaches his personal opinions on prostitution and the system attached to it, including pimps. He affirms: "One of the characteristics of our prostitutes is their health. I agree with you, Jonathan, but I have to say that — in recalling last Tuesday's program on AIDS — certain statistics... [pauses] I indeed recall that Dr. Jorge Perez, San Antonio de las Vegas Hospital director, explained that there already are 71 HIV positive cases, not only of young Cuban girls, but also of male prostitutes — we have not talked about this issue, but there indeed are male prostitutes. We talked to some health authorities, Jonathan, and they see a higher tendency to contract venereal diseases in this group than in other groups not linked to this activity."

Elizalde proceeds to comment on prostitution's moral consequences and pimps, who, in her opinion, constitute a very complex aspect of the issue. She brings up the issue of child prostitution, a crime that had disappeared in Cuba and that is now part of this prostitution chain. Resillez then stresses that, even though there are many opinions on prostitution, people have widely rejected the phenomenon. Quiros then says that one conclusion social researchers have reached is that youths reject prostitution. "Socially speaking, although there is rejection, this rejection is as strong as such an issue as prostitution requires because of the reasons Rosa Miriam explained and because of its social ramifications. It deals not only with the marketing of sexual relations, but also with the social phenomena of corruption and moral degradation. More than physical health, as one may believe, it deals with the moral health of a country, a society, a generation of boys and girls." He goes on and points out: "The confusion triggered in the country as a result of the special period led to a removal of social values. We must stop this, and we must be very aggressive in not allowing a tolerance of the phenomenon and its variations."

Elizalde interrupts Quiros and refers to prostitution in Cuba in 1959 and how the revolution eradicated it. She says: "I believe that the community and families

have a tacit tolerance of the phenomenon. There are even people who justify this practice." Quiros adds that, according to a survey, most prostitutes do not want their children to engage in this practice. Resillez again introduces a video report on citizens making statements on prostitution. Captions identify them as "students" or "workers." At 0239 GMT, after this video report is over, Resillez states that although this phenomenon is linked to tourism, it has been manipulated by the enemy of the Cuban revolution. Elizalde agrees with the host and assesses that Cuban prostitutes are more famous than Alexandre Dumas' Camille.

Next, the host introduces another video report on French tour operator Bethuim further commenting on the emergence of prostitution. Video shows street scenes with large crowds. Quiros then affirms: "We may or may not agree with the tour operator, but the important thing is for us to be aware that for the Cuban female or male prostitutes who engage in this practice it is not a matter of survival. Their basic needs are not [as heard] essentially met. Then, there is a political aspect. Prostitution has increased because the country is immersed in a serious economic crisis, and the manner in which this crisis is being handled creates trends. As we compare the country's situation to those of others, we realized it is truly a different situation. However, this is not how things work because of the reasons we mentioned earlier. It is not a matter of survival for these youths; it has certain characteristics against Cuba. They want the country to return to its social and economic system and to its level of education and health. It is not the classic prostitution that is found in other countries. It is an attempt to present this prostitution as being similar to prostitution in other countries and to prove that it is an element showing the Cuban model is in jeopardy."

Afterward, Resillez mentions social pressure as an element necessary to curb this practice. Such groups as the Cuban Women's Federation, the Union of Young Communists, and the Tourism Ministry are working on this problem. Elizalde then cites a U.S. feminist who said that blaming women for prostitution is unfair and refers to prostitution in Varadero beach resort. "Varadero experienced a terrible situation; there were people who lived off pornography, drug trafficking, and lots of other crimes. Now the Prevention Commission has done excellent work there, and the Interior Ministry has strengthened its structure to control this practice," she stresses, adding that there were 8,000 prostitutes and two to three times this amount of people who lived off them in Varadero last year.

Quiros makes one last comment, recommending social control, which does not translate into tolerance for

individual sexual preferences. Elizalde then thanks the host for this opportunity to discuss this issue.

Resillez wraps up the program by recommending people to ponder on this issue and reach their own conclusions. The program ends at 0250 GMT with a video report showing street and beach scenes and a caption that reads: "Men have something that resembles women's decency: A sense of duty and a force of propriety honoring those who feed on it."

Cuba: Correction to Companies Not Asking To End Business

PA1206233096 Mexico City EL FINANCIERO
in Spanish 7 Jun 96 p 10

[Corrected version of report by Victor Fuentes — received via Internet; originally filed as PA1006004096 and published on page 8 of the 10 June Latin America DAILY REPORT; explanatory notes describe differences from initial FBIS version]

[FBIS Translated Text] Havana, 6 Jun — Cuban officials have not received any official notification from Mexican Cement (Cemex), or from any other foreign company, requesting an end to their business activities in Cuba.

Ibrahim Ferradaz, foreign investment and economic cooperation minister, says that there are many rumors, but officially the Foreign Investment [rewording] Ministry has not received word regarding the withdrawal of any of these companies.

The ministry has not received any request for dissolution from the more than 200 joint ventures in Cuba, although many new investors are extremely cautious regarding the new legislation which sanctions companies trading with Cuba.

Ferradaz explained that during the first four months of the year, more economic associations with foreign capitalists were established than during the same period in 1995. Ferradaz added that there are 150 projects currently under evaluation, although he reiterated that he would not be providing exact figures in the future.

Ferradaz affirmed that in the case of Vitro — a [Mexican] company which preferred not to sign an agreement regarding an important project to acquire bottle manufacturing plants — what occurred was that "the courtship did not lead to marriage, the negotiations were not successful," although the company never admitted that the breakup was due to fear over the Helms-Burton law.

Ferradaz said that he was unaware if Detallara [not further identified] would come to Cuba, but he added that

the [Mexican] Domos company, which is responsible for the modernization of communications in Cuba, is interested in operating an industrial park in the Wajay zone, near Wajay's international airport.

After disclosing the carrying out of a decree that allows free zone concessions to foreigners for establishing industrial parks, Ferradaz said that he believes that foreign investors "are concerned, but remain calm," because it is too soon to measure the reach and real effects that the Helms-Burton law will have on the intended recovery of the battered Cuban economy. [adding word and rewording]

Although Ferradaz did not mention it, it is estimated that the free zones — that were included in the ambitious foreign investments law of September 1995 [correcting year], which had not been implemented — are one of many resources that Havana can employ to avoid the effects of a measure like the Helms-Burton law.

This is because the free zones are located in unpopulated areas where property is not susceptible to U.S. claims of having been expropriated following the success of the revolution in 1959.

Investors may do whatever they wish in those zones: From maquila [assembly plant sector] to operating airline terminals, which will include the urbanization of the areas; water, gas, and electric services; and communications, etc.

The exploitation of each zone will be granted to a concessionaire for a minimum of 50 years. Companies will be established under the same rules to make each zone operational.

At this moment, free zones are planned for Bahia de Mariel, Bahia de Cienfuegos, and Guajay, in addition to the government-owned La Havana Inb Bond free zone that is already in operation.

Because the Castro regime urgently needs money, customs and tax benefits will be readily available.

Concessionaires will pay no customs duties and will be exempt from profits and labor taxes for 12 years.

Other advantages are: The possibility of establishing banking and financial services — although only for free zones activities — and directing up to 25 percent of production to the Cuban market. All of this, needless to say, comes after previous authorization from the bureaucratic institutions of the Cuban Government, which has offered to expedite their procedures.

Haiti**Haiti: Delegation To Speak at Washington Conference**

PA1306173296 Port-au-Prince Signal FM Radio in French 1130 GMT 12 Jun 96

[From "The 0730 Appointment Newscast"]

[FBIS Translated Text] A delegation from the Haitian Economy Ministry is due to speak at the Washington conference on the Haitian economy on 12 June. Finance Minister Fred Joseph, who heads the delegation, outlined the economic program to be implemented within the framework of the reforms considered by the head of the executive. The program is aimed at structural adjustment, privatization, and reforms in Haitian state-owned enterprises. The delegation's goal is to make the international institutions aware of the importance of investment funds for Haiti since 70 percent of the government's investment budget comes from economic support

from the financial institutions. The minister confirmed that these institutions have planned to provide Haiti with U.S. \$118 million within the framework of the economic reforms.

Furthermore, the Haitian delegation hopes to discuss the release of additional funds of about U.S. \$100,000. We should point out that the delegation must discuss Haiti's need for the technical expertise of many executives living in the United States, which will support many Haitian Government projects. Based on conversations the executive held with representatives of many of Haiti's sectors, Minister Joseph explained that the program will be carried out based on the proposals that were made; in other words, the government's program is ready. Minister Joseph said that it is now important to establish firm commitments with the institutions.

Meanwhile, several organizations in Haiti continue to state that they disagree with the economic reform that the Haitian Government wants to implement.

Mexico: Chemical Association Supports Privatization

96CA0204A Mexico City *EL ECONOMISTA*
in Spanish 29 May 96 p 1

[Article by Gabriela Amador — received via Internet]

[FBIS Translated Text] Regardless of whose name appears on the Pemex Petrochemicals' labor contracts, the purchasing companies and the union must recognize the need to observe internationally competitive standards and practices in their labor relations. A study of the privatization process, which the National Association of the Chemical Industry (ANIQ) incorporated into its annual report, states that one key aspect of the sale is the proper quantification and recognition of Pemex Petrochemicals' labor obligations. It adds that, more than their counterparts in the rest of the world, the Mexican firms in the petrochemical industry have worked closely with the labor unions with which they maintain relations to make improvements that have translated into greater productivity, operational flexibility, and a stronger competitive position.

A successful privatization will have great strategic value for our country, the report adds.

The federal government should seize this unique opportunity to stimulate the consolidation and growth of a world-class petrochemical industry in Mexico, it declares.

In the ANIQ's view, chemical firms in Mexico that are associated with Pemex Petrochemicals have the experience, size, and resources to participate in this

privatization. It states that as a result, the Mexican chemical industry could eliminate or reduce the raw materials shortfall, which in 1995 amounted to more than \$970 million. It explains that for a heavily export-oriented industry such as chemicals, an ongoing reliance on imports is a serious competitive disadvantage.

Thus, the ANIQ believes that the privatization of Pemex Petrochemicals should be designed not only to boost the government's revenues, but also to promote more dynamic and competitive development.

The ANIQ feels it is important to arrive at a precise definition of a long-term, competitive pricing policy for the precursors of petrochemical inputs, such as methane, ethane, propane, and naphthas. In addition, competitive supplies of these raw materials should be guaranteed; this means that before any privatization is undertaken, it is imperative that the extension of existing supply contracts between Pemex Petrochemicals and its customers be guaranteed for at least five years beyond the change of ownership.

Deputies Ask To Meet With Reyes Heróles

Meanwhile, the Chamber of Deputies Energy Committee decided to ask for a meeting with Energy Secretary Jesus Reyes Heróles and Pemex Director Adrian Lajous so that they can give a progress report on the privatization of the secondary petrochemicals industry.

Deputy Francisco Curi of the Party of the Democratic Revolution (PRD) stated that the sale of the Cosoleacaque petrochemical complex should be declared null and void by law.

El Salvador**El Salvador: President To Depart 11 Jun on Trip to Peru**

PA1306125896 San Salvador EL DIARIO DE HOY
in Spanish 11 Jun 96 p 5

[FBIS Translated Text] Salvadoran President Armando Calderon Sol will travel today to Peru to sign trade, technology, and cultural exchange agreements, and to meet with Peruvian President Alberto Fujimori.

The president's five-day visit to Peru is in response to an invitation made by President Fujimori.

According to the schedule, Calderon Sol will depart today for Miami, United States, where he will later board another plane to Jorge Chavez International Airport in Lima, Peru, on Friday night.

Thursday morning, Calderon Sol will be received with full honors in the Government Palace by President Fujimori and his cabinet.

At noon, the two leaders will exchange medals and deliver a speech in the Golden Salon of the Presidential Palace. Afterwards, Fujimori will host a luncheon in honor of President Calderon Sol.

Thursday afternoon, Calderon Sol will visit the Legislative Palace, where he will be received with honors, and afterward will meet with Congress President Dr. Marta Chavez de Ocampo.

During a solemn ceremony in Lima's Municipal Palace, the Mayor of Lima Alberto Andrade Carmona will declare President Calderon Sol an honorary guest.

Following the ceremony, Fujimori and Calderon Sol will sign a number of trade, technology, and cultural exchange agreements in the Torre Tagle Palace.

That evening, at the Diplomatic Academy in Peru, Calderon Sol will close an international symposium on "Peace Agreements in El Salvador and the Peace Culture as a Universal Concept."

Also participating at the symposium will be former Salvadoran Foreign Affairs Minister Oscar Santamaria, General Mauricio Vargas, and Dr. David Escobar Galindo, rector of Jose Matias Delgado University, all former member of the commission that negotiated an end to the 12-year war in El Salvador.

Following the closure, the Salvadoran president will attend a dinner with the Peruvian business sector.

Honduras**Honduras: Military Chief on U.S. as 'Supreme Policeman'**

PA1306233296 Mexico City NOTIMEX in Spanish
1550 GMT 13 Jun 96

[FBIS Translated Text] Tegucigalpa, 13 Jun (NOTIMEX) — General Mario Hung Pacheco, chief of the Honduran Armed Forces, said today the United States wants to become the world's supreme policeman.

Hung Pacheco said the fall of the European Socialist bloc, headed by the USSR, has made the United States the "world's sole superpower" that wants to eliminate armies with colonialist intentions.

As an example, Hung Pacheco mentioned the U.S. invasion of Panama in December 1989 that permitted the elimination of the Defense Forces created by General Omar Torrijos, who promoted the signing of the treaties with President Carter for turning over of the Canal to the Panamanians in 1999.

Eliminating the armies leaves countries defenseless before any superpower such as the United States, Hung Pacheco said.

Eliminating the Army is not possible in Honduras' case, because conditions do not permit it. This country has a land and maritime border with three countries, and there is a climate of insecurity created by crime, poverty, and other factors.

The United States has a military base in Palmerola, Honduras, in the central department of Comayagua, where about 900 soldiers have remained despite the end of the Cold War.

The Palmerola base, which the United States built in 1983 at a cost of \$30 million, is a vestige of U.S. intervention in Central America. It was used to carry out covert operations against the Nicaraguan Sandinist government in power at the time.

Honduras: Leader's Stepdaughter's Death Ruled Suicide

96P20434A San Jose LA NACION in Spanish
12 Jun 96

[Received via Internet]

[FBIS Translated Text] Tegucigalpa, 12 Jun (ACAN-EFE)—The Department of Criminal Investigation (DIC) reported yesterday that the stepdaughter of a director of the Committee for the Defense of Human Rights in Honduras (CODEH), Mercedes Emilia Burgos Espinoza, who died last week under confusing circumstances, committed suicide.

Maria Elena Espinoza's daughter, wife of CODEH President Ramon Custodio, was found dead from a shot to her right temple. She was found in her car in a residential section of Tegucigalpa on 5 June.

According to preliminary police investigation reports, the 35-year-old school teacher in Tegucigalpa, Mercedes Emilia Burgos, committed suicide after her vehicle collided with an electric light pole in a main street in the Lomas suburb in Guijarro.

Several witnesses said that after the accident they heard two shots and no other car was following or was close to the victim, who was traveling alone and was found with a pistol between her legs.

A DIC spokesperson said the ballistic report results were positive, among other tests performed to determine the existence of powder residue on the hands of the deceased. The source said the autopsy report verifying the cause of death was still pending.

The CODEH president has not made any statements regarding the death of his stepdaughter, who was married and had three children.

Honduras: Bomb Found at Supreme Court Building
96P20435A San Jose LA NACION in Spanish
12 Jun 96

[Received via Internet]

[FBIS Translated Text] Tegucigalpa, 12 Jun (ACAN-EFE)—A bomb consisting of almost one kilo of dynamite, placed by a so-called guerrilla group, was deactivated yesterday by the Honduran police at the Supreme Court building a few meters away from the Presidential home, thanks to an anonymous phone call.

The bomb was located in one of the restrooms on the second floor of the judicial building, located in the southeast part of Tegucigalpa, where the Supreme Court and various secondary courts and tribunals operate. All the employees were evacuated.

Cristobal Godoy, the telephone operator at the time, said the bomb was found after an unidentified person called the Supreme Court at 10:28 a.m. (1628 GMT). Godoy added that the unidentified person told him that "we are calling from the Last Alternative guerrilla front. There is a bomb there; evacuate all the people because there will be many deaths." The operator emphasized that the unidentified person had told him: "We can no longer tolerate the government." Until now, the so-called "Last Alternative" group, was unknown in Honduras, where in the early nineties, four guerrilla fronts laid down their arms, having been involved in bombings, kidnappings, and robberies, among other crimes.

Lieutenant Fabricio Carcamo, from the Public Security Force bomb squad, confirmed that the bomb was made with two pounds (almost one kilo) of Chinese made TNT, with a radius of some 60 meters.

Apparently, whoever placed the bomb in the Supreme Court building was trying to divert the bomb squad because only moments before a false alarm had been received about a bomb at the Honduran National Autonomous University, where a ceremony was being held in commemoration of "Student's Day." "We went to the University first, and then here," Carcamo said. Dozens of soldiers cordoned off the Supreme Court building and the presidential house.

In Honduras, there are frequent false alarms of bombs being placed in government offices, private businesses, and communication sites, but this is the first time in the past several years that the alarm has turned out to be real.

On 26 March, a bomb made from dynamite was thrown from a moving vehicle at the home of President Carlos Roberto Reina by unknown persons, but no one was injured. As yet, neither the Armed Forces or the police have been able to explain this incident.

Nicaragua

Nicaragua: Ortega, Lacayo, Robelo Candidacies Challenged

PA1306134696 Panama City ACAN in Spanish
0439 GMT 13 Jun 96

[FBIS Translated Text] Managua, 12 Jun (ACAN-EFE) — The Supreme Electoral Council [CSE] announced tonight that challenges had been filed against the Nicaraguan presidential candidacies of Daniel Ortega, former president and Sandinist leader, Antonio Lacayo, President Violeta Chamorro's son-in-law, and banker Alvaro Robelo.

The challenges were filed before the CSE one and a half hours before the deadline established for executing this legal procedure and for the official nominations for the 20 October presidential elections to be announced.

Daniel Ortega, together with former Managua Mayor Arnoldo Aleman, is one of the politicians favored to win the elections, according to recent public opinion polls carried out so far.

The three candidates now have three days to respond to the challenges before the CSE which, in case of an adverse ruling, will grant a five-day period for new candidates to be nominated.

The challenge against Ortega, who lost the 1989 elections against current President Violeta Chamorro, was

filed by Moises Hassan Morales, who is also a candidate for the Renovating Action Movement party.

Moises Hassan, currently an independent National Assembly deputy, was originally a member of the board of directors of the national reconstruction government of which Daniel Ortega was the coordinator following the 1979 ouster of dictator Anastacio Somoza.

Nicaragua: Electoral Council Extends Registration Period

PA1306231796 Managua EL NUEVO DIARIO
in Spanish 11 Jun 96 pp 1, 8

[Report by Edgard Barbarena S.]

[FBIS Translated Text] Following a three-hour meeting by the magistrates of the Supreme Electoral Council [CSE], the president of this organization, Rosa Marina Zelaya, announced that the ad hoc electoral registration period in the 26 municipalities where it had originally ended on 8 June had been extended up until next weekend.

The CSE also has decided to extend the electoral verification period in the country's 118 [as published] municipalities up until 22 July. The objective of this decision is to allow 25 percent of eligible voters whose personal data is still pending verification to contact the municipal offices, where the registration process will now take place instead of the OVE [Electoral Verification Office], for identification cards.

The CES president said during the meeting that the magistrates had proceeded to analyze the ad hoc electoral registration process that had taken place during the past two weekends. Nearly 300,000 Nicaraguans had been able to register on the voters list. She added that the magistrates also were able to ascertain the high degree of professionalism by electoral personal (officials and staff), the election supervisors, as well as the party poll representatives involved in the registration process.

Where the JRV's (Vote Counting Boards) Will Operate

Zelaya confirmed that eight JRV's (the Wiwili boards, the JRV 82-40 in the Waten area, the JRV 82-50 in Espanolita, and the JRV 83-10 and the JRV 83-20 in Bocas del Par Par, Aguas Calientes, Guapinol, Los Planes de Vilan in Waslala, and the Zapote indigenous peoples territories) failed to operate properly. [sentence as published]

The CSE president requested that the media extensively report the electoral council's decision to set up the JRV and summoned all party poll representatives to resume work by next weekend. She said certain electoral

centers will be relocated to other areas based on recommendations made by the general population, the political parties, and international observers.

Verification

The CSE president also gave an account of the electoral verification process carried out in the past 10 days by the 2,320 verification offices located throughout the country's 118 [as published] municipalities to allow the 1,900,000 Nicaraguans who have requested identification cards to update their respective personal data. Once updated, this information will be used to prepare the first draft of the electoral register that will be handed out on 22 July to each of the political parties taking part in the elections.

The end of the verification period will coincide with the last day to request identification cards at the municipal identification card offices operating in each of the country's 119 municipalities.

Zelaya has said the number of verification offices in operation on this occasion will be less than during the first 10 days of June due to overhead restrictions; thus, the magistrates have decided instead to set up verification stations at the municipal identification card offices established throughout each of the country's 119 municipalities, in addition to one more for each district of Managua.

The electoral verification offices will be open to attend to the public from 0700 to 1800, and its employees have been instructed to remain open until they fully attend to all the people still in the offices at 1800. The CSE president informed a large group of foreign and national reporters that the verification offices will not close at noon.

Magistrates in Permanent Session

The CSE magistrates (five principals and five delegates) will continue to meet as of 0800 today, Tuesday, to study and decide on a number of electoral situations, including how to study the challenges presented to the CSE against any of the 32,000 electoral candidates who have registered for the October elections.

Daniel Ortega is Challenged

Last night the media received a copy of the legal challenge presented against the presidential candidacy of Daniel Ortega. The demand was presented by Pedro Rafael Mayorga Kingland, legal representative of the Nicaraguan Democratic Alliance Party (Padenic), and Santiago Meneses Vallecillo, a Padenic member.

Panama

Panama: Labor Minister on Foreign Campaign Against Nation

PA1306182796 Panama City Circuito RPC Television in Spanish 2300 GMT 11 Jun 96

[From the "RPC Television News" newscast]

[FBIS Translated Text] [Announcer Lissette Condassin] Mitchell Doens, Labor Ministry and PRD [Democratic Revolutionary Party] deputy secretary general, believes that opposition sectors are conducting an orchestrated campaign abroad to trigger a destabilizing climate in the country. The politician from the ruling party described as an outrage the recent articles published by the United Kingdom's THE ECONOMIST and the United States' THE MIAMI HERALD. Alexander Calderon has the story:

[Calderon] According to the PRD deputy secretary general, opposition sectors, which he did not identify, are reportedly behind a campaign through foreign media linking President Ernesto Perez Balladares' closest aides to money laundering.

[Begin Doens recording] Regarding the case of alleged drug trafficker Jose Castrillon Henao, because of the mere fact that a PRD member was a member of a bank's board of directors, there has been a manipulated connection to reach the conclusion that the 1994 elections were financed by drug-trafficking resources. They [not further identified] also did this weeks before the election campaign started. [end recording]

[Calderon] He added that the possibility of filing suits against those responsible for the articles published by THE ECONOMIST and THE MIAMI HERALD is being examined. These articles seek to scare away the investments Panama expects.

[Begin recording] [Doens] Pertinent legal measures will be taken in due time.

[Calderon] Is this issue being examined?

[Doens] It is being examined.

[Calderon] Is it...

[Doens, interrupting] It is being examined to find the source. I believe that we are on the right track, not the wrong track. I believe that we are on the right track to find the source.

[Calderon] From what political parties would these sources be?

[Doens] I cannot tell you yet.

[Calderon] Any names?

[Doens] I cannot tell you yet. [end recording]

[Calderon] Meanwhile, account holders of the Agro-Industrial and Commercial Bank of Panama, Inc. [Banaico] linked to this case asked Attorney General Jose Antonio Sosa to conduct an ex officio investigation to define responsibilities.

[Begin Doens recording] To protect Panama's good name and the national government's image, which are being severely attacked, and to elucidate once and for all if it was... [pauses] at the time it closed — we are not talking about the past — at the time a bank that was being used for money-laundering closed. [sentence as heard] [end recording]

[Calderon] On behalf of Banaico's account holders, Doens will try to determine if there truly was a swindle or an illegal scheme in this case. If so, he vowed to make public the names of the banking or credit institutions that also participated in the illegal action.

Panama: PRD Member on U.S. Daily's Report on Drug Ties

PA1306182696 Panama City Circuito RPC Television in Spanish 2300 GMT 11 Jun 96

[From the "RPC Television News" newscast]

[FBIS Translated Text] [Announcer Celiano Fonseca] There is a new turn of events in the Banaico [Agro-Industrial and Commercial Bank of Panama, Inc.] case. Mayor Alfredo Aleman rejected THE MIAMI HERALD report linking him to drug-trafficking activities and pointed out that this slandering campaign is seeking to harm the Republic of Panama.

[Begin Aleman recording] I believe that the 1999 elections are still too far away to unleash this type of campaign, which, if you ask me, is a campaign aimed at harming the country, at harming Panama. These campaigns are obviously conducted by hidden enemies who dare not show their faces and who act this way to the detriment of Panama's progress. [end recording]

[Reporter Ilka Gonzalez] The PRD [Democratic Revolutionary Party] Business Front president said that he has nothing to do with the Trans-Latin Air airline and explained his ties to Banaico, which is the financial entity, according to THE MIAMI HERALD report, linked to drug traffickers who are under investigation.

[Begin Aleman recording] The news of the airline, which we have absolutely nothing to do with — I have not been indicted — is last year's news. It has been clearly established that we have no ties to it and we have not been charged in the United States. As for the bank, I can tell you that I was its director, but that

I resigned in 1994, and I have documents attesting to this. I also have receipts, a notarized letter stating my resignation, and the bank's approval. My activities at the bank had absolutely nothing to do with its operations or administration. [end recording]

[Gonzalez] The 10 June edition of THE MIAMI HERALD also reported that Aleman's resignation from the National Bank of Panama stemmed from pressure exerted by the U.S. State Department.

[Begin Aleman recording] I can tell you that my resignation was not the result of this. My resignation was voluntary, and, as far as I know, there are no accusations against me in the United States. [end recording]

Panama: Legislators Say President Could Be Tried by Assembly

PA1306175496 Panama City EL UNIVERSAL DE PANAMA in Spanish 13 Jun 96 p A1

[Report by Justino Gonzalez Jr.]

[FBIS Translated Text] Opposition legislators have cautioned that President Ernesto Perez Balladares could be tried by the Legislative Assembly following accusations that his government is linked to drug-trafficking activities.

Ruben Arosemena Valdes, president of the Christian Democratic Party, said that the assembly has the authority to evaluate the alleged evidence against the government to decide if there is merit or not for putting him on trial.

Arosemena said that the opposition is prepared to request the opening of a process against Perez Balladares if there is clear evidence that his government is linked to drug-trafficking.

Arosemena noted that evidence must be presented, and evidence and documents filed in other countries will be requested.

Alfredo Arias, vice president of the Arnulfista Party, has said: "The accusations against the government must be investigated for the sake of its health and credibility."

After cautioning that the charges against the government make evident that a crime has been committed, Arias said the Legislative Assembly must try him.

Victor Mendez Fabrega, a Papa Egoro Movement legislator, is of the opinion that the Legislative Assembly can try the president and noted that the opposition may be prepared to promote the investigation of evidence.

Mendez Fabrega referred to the fact that the opposition does not have a majority in Parliament to promote a trial in case there is merit for that.

He explained that to gather evidence in the United States the assembly has to hire an attorney.

Meanwhile, legislator Arturo Vallarino, of the Nationalist Liberal Republican Movement, has said that the Legislative Assembly must form an investigating commission to establish why "the Attorney General's Office has not initiated a formal investigation on this scandal."

Vallarino said that it is the Attorney General's Office and the Electoral Tribunal who should handle this case because it is related to drug-trafficking.

Foreign media charges that link government officials and former adviser Mayor Aleman to drug trafficking will be analyzed by the legislators to determine if they can be used as evidence to then convoke the assembly to assume judicial functions.

Argentina

Argentina: Rogatory Letter Issued to UK on 'War Crimes'

PY1406025896 Buenos Aires NOTICIAS

ARGENTINAS in Spanish 1949 GMT 7 Jun 96

[FBIS Translated Text] Buenos Aires, 7 Jun (NA) — Federal Judge Jorge Ballesteros today issued, through diplomatic channels, a rogatory letter to the British Government, asking it to report on the outcome of the official investigations into alleged war crimes against Argentine soldiers.

The measure taken by the federal judge is part of a case filed by the Federation of Malvinas [Falklands] War Veterans [Federacion de Veteranos de Malvinas].

The rogatory letter asks the British Government to report on the outcome of the official investigations and to supply reports linked to the attitude of British military personnel during the Malvinas War and the filing of cases involving violations of military regulations and the Geneva Convention standards.

Another measure involves the Argentine Defense Ministry, asking it to report on allegations filed by soldiers and relatives on atrocities allegedly committed by British Army members.

The Malvinas War veterans went to the courts, asking them to conduct investigations, after the publication of two books in the United Kingdom on atrocities committed against the bodies of Argentine soldiers (whose ears were cut) and a case involving a wounded soldier who was killed by a "firing squad."

Argentina: Fishing Problems Discussed With UK Ministers

PY1306154496 Buenos Aires CLARIN in Spanish
11 Jun 96 p 8

[Report by unidentified special correspondent]

[FBIS Translated Text] Luxembourg — Right after Carlos Menem's speech to the Mercosur [Common Market of the South] and EU foreign ministers and the pose for a large "photograph for the family album," they exchanged a sign of agreement. Foreign Minister Guido Di Tella and his British counterpart, Malcolm Rifkind, discreetly walked away from the rest and privately talked for half an hour on the status of the controversies between the two countries concerning the South Atlantic.

With a brusque gesture to prevent further questions vis-a-vis the obvious skepticism elicited by his remarks, Di Tella told Argentine media correspondents: "We

did not discuss the issue involving the Kelpers' self-determination, as this is not a fact."

After noting that his talk with Rifkind at the EU Conference Center in Luxembourg yesterday did not produce any new developments, Di Tella explained: "It was a brief meeting, but at least we are taking advantage of every time we see each other to talk, and this is important."

Following his assessment, Di Tella noted that he had emphasized to his interlocutor that the **fishing problem** between the two countries in the South Atlantic actually not only involves a single problem, but it actually has **two dimensions**.

The foreign minister explained: "We have a fishing problem in the Malvinas Islands. We have another fishing problem in the South Georgia Island. There are two problems."

The difficult levels of agreement that had been achieved on the fishing issue had abruptly come to a halt in recent times, after the United Kingdom took a series of unilateral decisions on some species caught in the South Georgia Island zone, as the black hake, which prompted Argentina's **angry reaction**.

A previous meeting between the two foreign ministers, when Rifkind visited the Iguazu Falls zone, paved the way for new talks, even though the new disagreement was not unblocked.

Concerning his general description of the British attitude, Di Tella explained: "The British are clearly separating our claims on the Malvinas Islands and our claims on the South Georgia Island."

Di Tella noted: "Concerning the Malvinas Islands issue, they do not recognize our rights, but they actually do not describe them as an absurd petition." The foreign minister emphasized: "Otherwise, they **flatly dismiss** the South Georgia Island and South Sandwich Islands issue."

After their private talk, Di Tella and Rifkind shared lunch with the rest of the Mercosur and EU foreign ministers. On the afternoon of 10 June, the Mercosur and EU foreign ministers began their joint meeting.

Argentina: Ukrainian Trawler Fined for Fishing Illegally

PY1306192396 Buenos Aires NOTICIAS

ARGENTINAS in Spanish 1547 GMT 11 Jun 96

[FBIS Translated Text] Buenos Aires, 11 Jun (NA) — The Argentine Coast Guard reported today that it has imposed a fine of \$800,000 on a trawler that was fishing in Argentine waters without a permit.

Prefect General Jorge Maggi, Argentine Coast Guard commander, imposed a fine of 800,000 pesos on the owner of the Desayata Pyatiletka trawler, which flies the Ukrainian flag, for having violated our fishing laws.

The trawler was caught by the Argentine Coast Guard patrol ship Prefecto Derbes. It was carrying 52 metric tons of squid. The trawler was fishing within the Argentine exclusive economic zone.

After the Argentine Coast Guard confirmed the violation and filed its report, in keeping with its powers under the national fishing law, the decision was made to impose the fine and confiscate the catch.

The trawler now is moored in Puerto Madryn (Chubut Province) and will remain there until the fine is paid.

Argentina: VP Meets Australian Deputy Prime Minister

*PY1306152296 Buenos Aires TELAM in Spanish
1610 GMT 11 Jun 96*

[FBIS Translated Excerpt] Buenos Aires, 11 Jun (TELAM) — Vice President Carlos Ruckauf and Australian Deputy Prime Minister Timothy Fischer today reviewed the possibility of implementing a common defense for agro-industrial production vis-a-vis the protectionist policies being implemented worldwide.

At the end of the meeting, which was held at the Government House, Senator Omar Vaquir reported: "We talked about the necessity of implementing a common defense of our interests, involving cereals, meat, and industries, against the EU and even against the United States."

Vaquir, who participated in the meeting as Congressional International Relations Committee chairman, noted that "we will pursue our conversations" on the issue involving the implementation of a common defense for Argentine and Australian agricultural and livestock products.

Vaquir indicated that the prospects for "increased Australian investments in the mining area" were also discussed. Australian ambassador to Argentina Warwick Weemaes and Don Kenyon, the Australian representative to the GATT, also participated in the meeting. [passage omitted]

Argentina: Generals Diaz, Balza Delay Visits to Israel, UK

*PY1406024196 Buenos Aires TELAM in Spanish
1521 GMT 13 Jun 96*

[FBIS Translated Text] Buenos Aires, 13 Jun (TELAM) — Lieutenant General Mario Candido Diaz, chief of the

Joint Staff, and Lieutenant General Martin Balza, Army chief of staff, have postponed their scheduled visits to Israel and the United Kingdom, respectively.

A military source pointed out that the two visits were aimed at enhancing military ties with the goal of achieving increased integration, cooperation, and mutual support, based on the fruitful exchange of ideas and accords.

The source indicated that the decision made by Diaz and Balza was based on the fact that the conclusions on the military reorganization that is being implemented within the framework of the second state reform are being drawn up.

Diaz was scheduled to leave for Tel Aviv on 15 June, at the special invitation of his Israeli counterpart, General Zeev Livne, with the goal of holding talks with Israeli military leaders within the framework of the Armed Forces cooperation and professional development system.

Balza was scheduled to visit London this week to hold various meetings with British military leaders and visit military units and colleges. It would have been the first visit paid by an Argentine chief of staff to the United Kingdom since the South Atlantic war in 1982. Balza served as commander of the 5th Artillery Group, headquartered in Paso de los Libres. The 5th Artillery Group performed successfully in Puerto Argentino.

After the Malvinas [Falklands] War and the resumption of diplomatic relations, the frigate "Libertad" visited London, carrying senior Navy School cadets aboard as part of their training voyage.

Argentina: PJ-UCR Relations Viewed

*96SM0358A Buenos Aires CLARIN in Spanish
9 Jun 96 p 1*

[Commentary by Eduardo van der Kooy: "Something Is Starting To Change" — received via Internet]

[FBIS Translated Text] Perhaps Argentine politics can be divided into periods before and after Eduardo Angeloz' immunity was lifted. A final judgment cannot be rendered yet, but a whole series of events last week foreshadows a different landscape.

Encouraged by Peronism, the Senate's decision to lift the immunity of the former Cordoba governor for two months is a sign that Congress is in good health as it seeks to end its isolation and regain some of the trust that it has lost in society. Another such sign was that it has allowed the courts to do whatever they have to do, within limits, without being subject to restrictions by the administration.

The authorization of a deeper investigation should not create the impression that Angeloz is guilty, however. This was the feeling that was evoked above all by the behavior of the former governor, of the UCR [Radical Civic Union], and of Peronism itself, all of which for quite some time wanted to settle the issue by resorting to prescriptions that were devoid of common sense. Besides all this, there seemed to be growing signs on the national scene that the marriage of the two parties was wearing thin, after a long honeymoon that began with the signing of the Olivos pact that disrupted our democracy.

One anecdote gives us a glimpse of this embryonic change. Prepaso [Front for a Country in Solidarity] Senator Graciela Fernandez Meijide did not hesitate to put forth an irreproachable argument for her vote in favor of the ruling-party's bill lifting the former governor's immunity. The ruling party and the traditional opposition did the rest. The Peronists turned their backs on the Radicals, destroying the shield with which they had together protected Angeloz. The Radicals are looking forward to their revenge. They are determined to shake things up if Menem insists on tailoring the Council of the Magistrature to his own liking; according to the reform, the council is supposed to appoint judges in the future. They are promising something else: To spur as quickly as possible the calls to impeach the defense minister, Oscar Camilion, over the Ecuador arms scandal.

More or less the same thing happened on both sides. The leaders who remain loyal to the Olivos accord were, by and large, overwhelmed by those who opposed it or who regard the commitment as finished. Here are some examples. Eduardo Menem, Jorge Yoma, and Eduardo Vaca tried to offset the tougher line taken by the ruling-party bloc in the Senate, which voted to lift Angeloz' immunity. The president's brother stuck to his guns, although he went along with the majority. Yoma did an about-face and lashed out at the former governor. The Alfonsin faction, for its part, had to resist the temptation to continue negotiating with the Menem people on the appointment of judges, in spite of Marcelo Stubrin's exhortation to the Radical bloc that it was a good idea "not to shut all doors." Even Raul Alfonsin wound up among the leaders who opposed the pact (Fernando de la Rua, Juan Manuel Casella, and Federico Storani), who for the time being have pushed the idea of not constituting the council and of leaving the Menem faction on its own, where it is apt to commit another outrage against the justice system.

There were several reasons why Peronists and Radicals simultaneously decided to substitute confrontation for reconciliation. For several weeks the administration seemed worried about the price it was paying for its

partnership with the UCR on an issue, Angeloz' status, that was very much in the public eye and that revolves around allegations of corruption. The messages from Carlos Menem, moreover, sowed doubts in the ruling-party bloc in the Senate, where the voices of those taking the hardest line against the former governor, Jose Manuel de la Sota and Cristina Kirschner, were growing louder than anticipated. The wink from Augusto Alasino after his visit to the Casa Rosada bolstered this tendency. "Do whatever you have to do," the president reportedly told him at a key moment. The belated indication to the contrary that Senator Menem got, which justified his stand, was presumably not enough to change the course of events.

Another episode around that same time got on the president's nerves and had something to do with the tone of the message that he conveyed with annoyance to Alasino. The nongovernment organization Transparency International distributed a report on corruption in the world. In this international ranking of honesty Argentina came in 35th among 54 nations. What concerned Menem was both the ranking (amid all the back and forth about Angeloz) and the fact that one of the organization's representatives in the Southern Cone was Luis Moreno Ocampo. The former prosecutor is advising Domingo Cavallo in the battle against corruption. The convergence of these two things had the administration on the verge of another incident. Menem was encouraged by Carlos Corach and Alberto Kohan to demand that the economy minister fire Moreno Ocampo immediately. The interior minister has many old accounts to settle with the former prosecutor, who prosecuted the Military Junta in the missing persons case. Moreno Ocampo was among those who tried hardest to lift the veil from the political ties between Corach and Judge Maria Servini de Cubria, who was in charge of Yomagate at the time.

Such great enthusiasm about removing him seemed to betray a hidden intention: To hound Cavallo, who believes that he is the target of judicial harassment, which last week came within a hair of prompting the resignation of customs chief Walter De Fortuna. Menem had chosen Jorge Rodriguez for the task of softening him up, but the cabinet chief, without becoming upset, quickly brought up a doubt that resonated with the president: "Wouldn't it be better to clarify the issue before calling for a resignation that might inflame the infighting?" he argued not that innocently. Menem agreed after Rodriguez remarked to him, as a perplexed Corach looked on, that Moreno Ocampo had also worked with him in the Education Ministry. The prosecutor wound up getting a sharp phone call from the cabinet chief, which forced him to clarify the report on international corrup-

tion, in the drafting of which he seemed to have minimal responsibilities.

The episode with Moreno Ocampo brought back the administration's worst nightmares. The former prosecutor has strong links to the group of judges, among them Antonio Di Pietro, who began the proceedings known as "manipulate" in Italy. Their association is no accident. Administration officials and even senators now strongly suspect that the lifting of Angeloz' immunity could mark the beginning of a judicial offensive in Argentina in a bid to change society's impression that the courts are dependent on the administration. The comparisons seemed unavoidable. Since democracy was restored, Angeloz has been among the three or four most esteemed leaders in the country. The vindication of the Judiciary in Italy began with the mere arrest of a Socialist councilman from Milan who received a \$3,000 bribe.

None of these arguments was sufficient, however, to halt the ruling party's maneuver in Congress. The decision to lift Angeloz' immunity for two months could have been influenced by the inflexibility of several senators; it was surely influenced by the lack of clear instructions from the Casa Rosada, but Menem's troubles were also a factor. Consider the following. Eduardo Bauza arrived in Congress as a new senator and, as his baptism, put on a show of political strength. He brought together almost the entire cabinet, except Cavallo, the military chiefs, and several Radicals, and hugged Eduardo Duhalde. He reiterated that Menem would not try to stay on after 1999. Ever since Bauza left as cabinet chief, there has been a growing sense that he would wind up in the Senate as the Casa Rosada's messiah. He now knows that this may not be the case. The first sign came from the head of the bloc of Peronist senators. In less than 24 hours Alasino shifted from defending Angeloz to supporting the temporary suspension of his immunity, which he defended in the Senate like any other hawk. He spoiled Bauza's inaugural party and sent him this warning: The bloc is not prepared to meekly obey the orders that the brand new senator claims to bring from the Casa Rosada.

In contrast to the former cabinet chief, Alasino does not think that the last word about 1999 has been spoken either. Bauza, like Corach, argued that it would be a good idea to stretch out the congressional calendar so that the conflict over Angeloz did not erupt during the closing days of the Buenos Aires mayoral campaign. The senator chose to exit Congress when the debate began. Not even his Radical friends really helped him. He never understood why the traditional opposition was so adamant about wanting to get the Angeloz case off its back right now by lifting his immunity temporarily

(a move that is neither fish nor fowl), something that Peronism could not accept.

The air in the UCR has been contaminated for some time already. The statement that Jose Genoud made on Tuesday at the National Committee meeting reflected this: "If any one of the party's top leaders releases it, the entire bloc will vote to lift Angeloz' immunity." Almost no one dared. The quick snub that the governor of Cordoba, Ramon Mestre, gave his predecessor was not enough. Alfonsin bit his tongue and kept quiet or repeated only empty phrases, although through third parties he rejected Angeloz' suggestion that he serve as his defense attorney. Fernando de la Rúa remained aloof so as not to disrupt the campaign and defended the former governor only after learning of the decision. Rodolfo Terragno also voiced his opinion after the vote, but hailed it.

The UCR thus chose to yield the initiative to Peronism and perhaps to pay an additional price in society's eyes, seeking in this way, however, to avoid bearing the historic guilt of having sacrificed Angeloz with its own hands. If the former governor still had any hopes of resisting, they began vanishing over the weekend. The dinner held in Cordoba to make amends to him, at which he sought to compel solidarity from Alfonsin, was uncomfortable for almost the entire party. It was alarming to see an event motivated by political methods of dubious transparency and devoid of first- or even second-tier provincial and national leaders. The signs that appeared in Cordoba arrogantly praising the former governor (they sounded as though his children had written them) were annoying. Party leader Angeloz was left on his own right then and there.

Bolivia

Bolivia: IMF's Camdessus, Entrepreneurs Discuss Problems

PY1306163996 La Paz PRESENCIA in Spanish
31 May 96 p 9

[FBIS Translated Text] The Bolivian Private Businessmen Confederation (CEPB) took advantage of the luncheon with IMF Managing Director Michel Camdessus to discuss the many problems "that overburden" entrepreneurs in Bolivia.

Entrepreneurs concerns focused on the following points:

- Lack of economic and political determination to solve social problems;
- Private sector efforts are not recognized;
- Reforms are slow, but entrepreneurs support them;

- Entrepreneurs want tangible results;
- Some groups "still support an obsolete state role," which does not permit them to work for change;
- Tax rates increase;
- High government spending and no public investment;
- Lack of political will to broaden the tributary base;
- Lack of will to face a real customs reform;
- Insufficient physical infrastructures;
- High interest rates and short terms;
- Banks Superintendency rigid criteria in the application of guarantees and provisions;
- Private investments are "under capitalized." There is need of a stock market as a mechanism for internal saving;
- Need of a Productive Sector Capitalization Fund to solve the problem of company capitalization;
- There are no mechanisms to insure the taxing system's neutrality;
- Excessive tariff and non tariff barriers in other countries;
- Entrepreneurs also regretted the fact that the fight on drug trafficking and the eradication of surplus coca plantations have become an economic burden on the treasury;
- Criticized the IMF for maintaining a rigid position with respect to the inflation rate;
- Entrepreneurs have the greatest disposition to participate and broaden channels for dialogue in order to convey their points of view and experiences to the government and the IMF;
- Entrepreneurs reiterated their position on the need to have a broader and more encompassing communications policy on the country's reforms.

Bolivia: News Summary for 12 Jun

96CA0201A (Internet) Bolivian Social Communications Ministry WWW in Spanish
12 Jun 96 Morning Edition

[From the Computer Services Network of the Bolivian Social Communications Ministry <http://utama.bolnet.bo:80/mcs/matind.htm>]

[FBIS Translated Excerpt]

Editorials [passage omitted]

ULTIMA HORA

The United States and Drug Trafficking

The steps the United States has taken are really drastic, but it is unfortunate that the same level of energy was not applied in adopting interdiction and prevention policies in the producer nations; these countries, because of their limited resources, can do very little. It will be essential for the international community to take more effective action to keep drug production from increasing. [passage omitted]

Front Page News Briefs [passage omitted]

Bank Debt Amounts to U.S.\$244 Million

The Office of the Banking Superintendent has released new statistics on the amount of the overdue debt of two failed banks [Banco Sur and Cochabamba]. The Finance Ministry says that the government will not assume responsibility for these debts, but economic analysts say they are not recoverable. [passage omitted]

Political News [passage omitted]

'Sobredietas' Scandal Worsens in Coverup Attempt

The 'sobredietas' [congressional corruption scandal in which deputies tried to lengthen their government service time to qualify for larger longevity bonuses] case has taken a new turn after the decision by the MNR [Nationalist Revolutionary Movement] to use every means possible in an attempt to cover up the corruption of members of Parliament belonging to the MNR and to the UCS [Solidarity Civic Union] who have been implicated in this controversial case.

The leadership of the Lower Chamber, presided by Guillermo Bedregal, has now unilaterally decreed that the report of the District Prosecutor's Office on the investigation into the falsification of documents concerning length of service should go to the Chamber's Constitution Commission for evaluation. [passage omitted]

Regions Seek Agreement on Representation

The departments, represented by their members of Parliament, government officials, and civic leaders, have begun to try to work out the most difficult agreement in democracy: to try to satisfy those departments that want more deputies, like La Paz, Santa Cruz, and Cochabamba, as well as those which will not accept having fewer deputies than they currently have: Chuquisaca, Potosi, and Pando.

Yesterday's meeting was limited to an analysis of the arguments presented by the departments that believe they deserve more seats in Parliament, and those of the districts which are not willing to have the number of their representatives decline. [passage omitted]

Economic News [passage omitted]

Tax Revenues Reported

The DGII [General Directorate of Taxation] collected 1.882 billion bolivianos by May of this year, which is 22 percent more than what was projected for 1996, and 35 percent more than what was taken in during the same period of last year, it has been officially reported. [passage omitted]

Brazil

Brazil: Talks Sought With U.S. on 'Absurd' Trade Barriers

PY1306154696 Madrid EFE in Spanish
1944 GMT 11 Jun 96

[FBIS Translated Text] Brasilia, 11 Jun (EFE) — Brazil has asked the United States to review the trade barriers imposed on Brazilian products.

During the opening of the 15th Meeting of the Brazil-United States Business Council which gathered today in Brasilia, Brazilian Industry and Commerce Minister Francisco Dornelles said that "things cannot continue as they are."

He asked "to reopen the negotiations" because the United States has not corresponded to the efforts made by Brazil to open its market to U.S. products.

"The belief among society and the administration" is that the economic opening, the constitutional reforms, the privatizations, and the new intellectual property law should have promoted a much more understanding attitude from our U.S. partners, the minister said.

Dornelles said that despite that the Uruguay Round of Talks helped reduce the average import tariffs in industrialized countries, "there are still tariff and nontariff barriers that affect Brazilian exports."

"We want to hold talks with the United States, we want to establish a better dialogue. They are a great partner. We are waiting for a solution to the trade restrictions which should not continue," he added.

He also confirmed that a group of experts from his ministry will make a complete analysis of the restrictions imposed by the United States and he anticipated that "things will not remain as they are now."

"We will begin negotiations for each product," stressed the minister who was sworn into his post a few weeks ago.

He regretted the fact that "everyone seems to accept these limitations," but he does not and he wants "to discuss everything again."

The minister considers that the trade barriers on Brazilian products have helped make the trade balance negative for Brazil.

"That absurd U.S. process goes against every principle of globalization and liberation of the economy which that country claims to defend," he said.

Some of the Brazilian products most affected by U.S. trade barriers are concentrated orange juice, fruits and vegetables, sugar, frozen chicken, tobacco, textiles, and clothes.

Brazil: Talks Sought With U.S. on Ending Double Taxation

PY1306155196 Sao Paulo AGENCIA ESTADO
in Portuguese 0016 GMT 12 Jun 96

[Report by Lu Aiko Otta]

[FBIS Translated Text] Brasilia, 11 Jun (AE) — Brazil wants to resume negotiations with the United States with the objective of signing a bilateral agreement to eliminate the double taxation on companies that operate in the two countries. Federal Revenue Secretary Everardo Maciel today reported that he has asked U.S. Internal Revenue Under Secretary Joseph Guttentag for the resumption of the negotiations. "The agreement will prevail over the internal regulations of the two countries, further ensuring the continuation of the rules for the companies," he said.

According to Maciel, such agreement is a frequent demand by U.S. companies that want to invest in Brazil. With such agreement, the U.S. company subsidiaries installed in Brazil will be able to compensate with the income tax to be paid in the United States, the tax paid in Brazil. Such compensation is currently not possible on account of the resistance of the U.S. Internal Revenue Service.

Since the income tax in Brazil was far higher, the compensation ended up generating a credit in favor of the companies. That problem was eliminated this year when the basic corporate income tax (IRPJ) in Brazil was reduced from 25 to 15 percent, thus becoming equal to that in the United States. "That agreement has been under negotiation for the past 30 years," Maciel said.

The reduction of the IRPJ in Brazil removed one of the greatest impediments to signing the agreement.

Meanwhile, the Brazilian Government has made a signal indicating that it wants to resume negotiations. Finance Minister Malan will send a letter to the U.S. Treasury asking for a round of negotiations.

According to Maciel, the agreement will allow more benefits. The revenue services of the two countries will be able to act jointly in operations to combat fiscal frauds. "It is essential to be able to work together with our greatest individual trade partner," Maciel said.

Brazil: Daily Rebutts Warning by MIT Economist Dornbusch

PY1306154196 Sao Paulo GAZETA MERCANTIL
in Portuguese 7 Jun 96 p A2

[Editorial: "There Is No Reason for Fearing an Exchange Rate Shock"]

[FBIS Translated Text] We believe that the reproach against U.S. economist Rudiger Dornbusch, whenever he refers to the Brazilian economy, is unreasonable. A professor at the Massachusetts Institute of Technology (MIT), where he had a lengthy interface with Brazilian economists, Dornbusch has for many years studied Brazilian and Latin American economic problems. Moreover, he is a keen observer of the global market. The fact that he predicted the Mexican crisis in December 1994 and that he was an adviser to President Bill Clinton strengthen his credentials. This, however, does not necessarily mean that his opinions on Brazilian economic matters are correct.

As could be expected, the latest remarks by Dornbusch that Brazil was approaching a crisis like the one that hit Mexico had strong repercussions. Based on the latest information on Brazilian external accounts, however, this is an ungrounded remark that should cause no shock at all. We are not saying this because of the high level of reserves, which at the end of April stood at \$56.7 billion. It is true that a good deal of the reserves can disappear overnight during a crisis. It is the reduction of the current account deficit in the balance of payments which has led us to the conclusion that Dornbusch has inaccurate information on the current Brazilian economic situation.

In fact, expectations over the trade balance performance in 1996 are now optimistic. Besides, the value of exports actually contracted has started reflecting the growing level of currency contracts for exports in the past few months. In May, exports reached \$4.506 billion, while imports are not expected to surpass \$4.1 billion, thus giving a \$400 million surplus.

In the January-April period, Brazil registered a \$237 million deficit. Consequently, the trade balance result

of May will produce a \$160 million surplus in the first five months of the year. Since the contracting of exports continues at a very high rate, it is by no means unreasonable to predict that in the first half of the year, Brazil will register a trade surplus of more than \$500 million.

This does not only mean a substantial improvement with respect to the same months in 1995 (the deficit in the January-May period in 1995 amounted to nothing less than \$3.477 billion). Current data show that the market has adjusted itself to the real exchange rate situation, a step that has undoubtedly been favored by the fact that the exchange rate has been adjusted in keeping with the evolution of industrial costs. With the deceleration of sales on the domestic market, enterprises started looking at the external market. Proof of this is that manufactured and semi-manufactured product exports have considerably increased, both in volume and in value.

Even if imports remain at the exceptional level at which they are in this period of the year, nearing \$4 billion per month, it is by no means unfeasible to register a trade balance surplus of \$2.5 billion to \$3 billion in 1996.

It is also important to take into account that there will be no shocks in the services account, despite the growth of interest expenditures. The fact that international interest rates have remained at a relatively low level, the reduction of the average value of imports, and — consequently — the reduction of the value of freight, insurance, and other factors can make the services deficit stand at about \$18 billion. If we discount a possible trade surplus of \$2.5 billion and a \$4 billion balance from unilateral transfers, we will have a current account deficit of \$11.5 billion, which is equivalent to 2 percent of a GDP of \$580 billion. Despite the balanced trade account, the current account deficit can reach 2.5 percent of the GDP.

This was by no means the Mexican situation in December 1994. Dornbusch, however, is right on one point: It is necessary to correct the fiscal deficit, which — with time — becomes a current account deficit.

Brazil: Japanese Delegation To Debate Auto Import Tariffs

PY1406113596 Sao Paulo AGENCIA ESTADO
in Portuguese 2354 GMT 11 Jun 96

[By Aldo Renato Soares]

[FBIS Translated Excerpt] Brasilia, 11 Jun (AE) — Brazilian Government representatives and a Japanese delegation will, on 17 June, start debating on the increase of vehicle import tariffs and the automobile

regime, which Brazil adopted to encourage investment by the automobile industry.

Sources of the Ministry of Industry, Commerce, and Tourism (MICT) said today that Japan does not oppose the automobile regime that created fiscal incentives and several benefits for the car manufacturers that are operating factories or that will open factories in Brazil. Japan opposes the increase of the vehicle import tariff from 32 to 70 percent, adopted in April 1995. [passage omitted]

This will be the first meeting with the Japanese since Brazil withdrew from the WTO a request for a waiver [preceding word in English], dispensing with the obligation to have informed the WTO, within the appropriate deadlines, about the automobile regime. "Brazil will seek an understanding with the Japanese," a source said.

According to diplomatic sources, to resolve the impasse with Japan, the government might negotiate with the Japanese a tariff quota for vehicles, like the agreement between Japan and the EU. In this case, both sides would agree to a specific number of Japanese cars that might be imported by Brazil with an import tariff of 35 percent, while the remainder would pay 70 percent. "This is pure speculation," an MICT source said. This agreement might elicit reactions from car manufacturers operating in Brazil, because it would in practice entail the loss — even though insignificant — of a market that is guaranteed by the automobile regime.

Brazil: Auto Talks To Be Held With Japanese Group

PY1406031696 Sao Paulo FOLHA DE SAO PAULO in Portuguese 6 Jun 96 Section 1 p 9

[FBIS Translated Text] The Brazilian automotive regime, which has created advantages for the car-assembling companies that decide to work in the country, will again be discussed beginning 17 June, when a Japanese Government delegation arrives in Brasilia.

The arrival of this delegation is the peace sign Brasilia has sent to Tokyo as a way of preventing the Japanese from immediately filing complaints against Brazil at the WTO. The harsh communique the Japanese Government wrote to Brazil two weeks ago made very clear that Japan is ready to fight the country within the framework of the WTO.

As a matter of fact, the arrival of the Japanese mission represents the beginning of negotiations on the automotive regime. The trend of the conversations, which will probably last a few months, has already been outlined.

Brazil cannot go back on the advantages it has offered in the automotive regime area because several car-assembly companies have already based their decisions on them. Therefore, the alternative is to expand the advantages to the countries that had been left out of them, such as Japan and the ROK.

The car-assembly companies already in the program will be able to import vehicles with a 32-percent import quota instead of the 70-percent one, as long as they commit themselves to complying with certain export rules. Japan, which does not have car-assembly plants in Brazil, is an aggressive international car exporter (it is responsible for nearly one-third of the international exports), and it would give up its competitiveness entirely to sell to the Brazilian market.

Therefore, the possibility of expanding the benefits of importing with lower quotas to other countries will probably be discussed during the negotiations, but with one condition: In order to prevent an excessive increase in the volume of vehicles being imported with lower quotas, this expansion must be implemented on the established number of vehicles each country will be allowed to export under these conditions.

This issue is not the main or most controversial aspect of the automotive regime. Another point is the substantially reduced (2 percent) import tariffs the car-assembly companies committed to exporting should pay on components.

The fact that the two officials who drafted the automotive regime are currently former ministers — Jose Serra, planning, and Dorothea Werneck, industry, commerce, and tourism — may help in the negotiations. Nevertheless, Francisco Dornelles, the new industry, commerce, and tourism minister, has been giving signs of being more strict than flexible.

The problem is that there are no alternatives. The Brazilian automotive regime was enforced after the creation of the WTO and disrespects its rules. Brazil had considered the possibility of asking to be excused for not having notified the WTO about the regime (through a waiver [preceding word in English]). The argument would be that its automotive regime has been adapted from the Argentine one, in view of the Common Market of the South enforcement. The Brazilian Government decided not to do this, however, when it became clear that the waiver request would not be approved.

No matter how much merit the Brazilian cause may have, the situation is delicate and the developed countries' have adopted a hard position in this regard because the automotive regime would represent the first such exception within the recently created WTO. It is

important, therefore, not to allow the issue to reach the WTO sphere.

As Brazil does not want to go back on what it has decided, it will have to try soothing those whose interests were harmed. Japan has taken the initiative (and has been acting as an umbrella for the ROK), but the United States and Europe have been following the issue closely.

The ironic aspect of the problem, however, is that — as negotiations are starting — the ideal solution would be to prevent Congress from voting on the provisional measure on the automotive regime, which becomes due every 30 days and should be reissued on 11 June. It would be much more difficult to change a law than to reissue a provisional measure.

Now that quotas have been established for importing of textile products from various Asian countries, the same thing should be done regarding toy imports. Brazilian toy manufacturers are making a similar complaint: Toys imported from the PRC, Taiwan, and Hong Kong — among other countries — arrive in Brazil at artificially low prices (dumping [preceding word in English]).

The solution to this problem will probably have to be similar to the one given to importing of textile products: To establish quotas and, perhaps, increase tariffs on the products. The toy manufacturers are also complaining about toy smuggling from Paraguay. This problem, however, is one involving the police, not foreign trade.

Brazil: Australia Interested in Gas Pipeline Construction

PY1306153396 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 11 Jun 96

[Report by Poliane Castelo Branco in Brasilia]

[FBIS Translated Text] Australia may participate in the construction of the Bolivian-Brazilian gas pipeline. Australia is one of the countries interested in investing in the construction of a gas pipeline between Brazil and Bolivia. Australian deputy prime minister and minister for trade, Tim Fischer, and acting industry, commerce, and tourism minister, Paulo Jobim Filho, discussed this issue on 10 June. The Australian minister has reported that the BHP consortium is the most interested in investing in this enterprise. According to Fischer, the consortium has great technical capacity and a great deal of experience in the construction of gas and oil pipelines.

Minister Fischer also met with Agriculture Minister Arlindo Porto. The Australian minister complained about the freight tax Brazil charges on maritime transporta-

tion for Australian exports, which stands at 25 percent. He believes that Australia is thus in a disadvantage regarding other countries, because the tax is charged in accordance with the distance between one country and the other.

Minister Fischer is currently touring Latin America. Today he will be in Buenos Aires.

Brazil: Argentina's Cavallo Criticizes Dornbusch

PY1306152696 Sao Paulo AGENCIA ESTADO in Portuguese 2315 GMT 11 Jun 96

[FBIS Translated Text] Brasilia, 11 Jun (AE) — Argentine Economy Minister Domingo Cavallo today said that the Brazilian and Argentine economies are facing similar development prospects. After meeting with Brazilian Planning Minister Antonio Kandir for more than one hour, Cavallo said: "Prevailing trends in Brazil and Argentina show that the GDP will grow and that inflation will continue to decline in both countries in 1996."

In his first visit to Brazil following the recent cabinet changes made by President Fernando Henrique Cardoso, Cavallo also discussed with Kandir and with Industry and Commerce Minister Francisco Dornelles the auto agreement, which up until recently had been a cause of friction between the two countries. Cavallo said: "Statistical figures show that there has been a large volume of Argentine exports to Brazil. Hence, there are absolutely no problems regarding the auto issue."

Cavallo came to Brasilia with Carlos Magarinos, the Argentine secretary for industry and mining, who had taken part in all of the bilateral auto negotiations held in 1995. On 12 June, Cavallo is scheduled to meet with Finance Minister Pedro Malan, to give a news conference, and to lunch with President Cardoso before returning to Buenos Aires.

Cavallo stated that the Argentine and Brazilian economic cycles are now similar, in part as a result of the integration process in which the two countries are involved within the framework of Mercosur [Common Market of the South]. Kandir, who accompanied Cavallo up to the Planning Ministry's exit door, said: "Argentine-Brazilian trade, which currently stands at over \$10 billion, should continue to grow."

Cavallo and Kandir also discussed the meeting the presidents of Mercosur member countries (Brazil, Argentina, Paraguay, and Uruguay) regularly hold every six months and which this time will be held in Buenos Aires from 23 to 25 June. Kandir said this meeting will be "extremely important." Kandir assured Cavallo that he will continue the work started by his predecessor, Senator Jose

Serra (PSDB-SP) [Brazilian Social Democracy Party-Sao Paulo]. Upon receiving Cavallo in his office, Kandir said: "The motto is continuity."

After meeting with Dornelles, Cavallo said that the predictions of economist Rudiger Dornbusch about the future of the Real Plan and of the Brazilian economy have also provoked reactions in Argentina. Cavallo said: "Dornbusch's comments were very irresponsible."

Cavallo noted that, in 1992, Dornbusch had also predicted that the Argentine economic stabilization plan would not materialize. Cavallo said that Dornbusch claimed then that the Argentine economy would not succeed in overcoming inflation. Yet, he said, three years have elapsed and the Argentine economy continues to do well. In his opinion, the Brazilian stabilization process is also moving in the same direction.

Brazil: Argentine Economy Ministry Changes Affect Ties

PY1306155496 Sao Paulo GAZETA MERCANTIL in Portuguese 7 Jun 96 p A5

[By Jorge Luiz de Souza]

[FBIS Translated Text] When newly designated Industry, Commerce, and Tourism Minister Francisco Dornelles arrives in Buenos Aires in two weeks — to become acquainted with his Argentine peer — he will no longer find Carlos Magarinos, who was the negotiator of bilateral matters during the term of former Minister Dorothea Werneck. Marcelo Eduardo Regunega on 6 June replaced Magarinos. Regunega is a man from Argentine Economy Minister Domingo Cavallo.

Magarinos was ousted in a reform of the Economy Ministry structure. He held the post of Industry and Mining Secretary, and was in charge of all major pending matters between Brazil and Argentina, like the compatibility of the policies of the automobile sector and of the duty-free zones of the two countries. Regunega is heading the new Secretariat of Commerce, Industry, and Mining, which was created on 6 June.

He returned from the United States in March 1996, where he was the Argentine Government's economic-commercial representative, to join Cavallo's team as Secretary of Commerce. He held only one meeting with the former Brazilian Minister during President Fernando Henrique Cardoso's visit to Argentina in April, when they did not address any decisive aspect of the negotiations between the two countries.

Now, the two secretariats become just a single one. The Argentine Government, which has a Ministry of Economy, addresses at a secretariat level the areas that in Brazil are under a ministry. Argentina still has the Secre-

tariats of Finance, Agriculture, and Planning, but others were merged with the objective of reducing the public sector. In addition to the merger of the secretariats of Magarinos and Regunega, also the Secretariat of Energy and Transport and the Public Works Secretariat became a single one.

Regunega, 50, is an agronomist who specialized in the United States and obtained a PhD at the University of Paris. He is older and more experienced in international negotiations than his predecessor. He was one of the representatives of the Argentine Government at the Uruguay round of GATT [General Agreement on Trade and Tariffs] talks, and he was also the Argentine representative in other multilateral, bilateral, or regional negotiations. In the past, at the beginning of Cavallo's term, he was Agriculture Secretary (corresponding to the post of Minister of Agriculture in Brazil).

The destiny of former Secretary Carlos Magarinos, who is widely known in Brazil, will be the office of the Argentine Government representative in Washington. In this reduction, Cavallo also eliminated some undersecretariats. Among them, the one dealing with small and mid-sized enterprises. Its head, Guillermo Hunt, will be the Argentine Consul in Sao Paulo.

Another major undersecretariat that was eliminated is that of Investment, which was deeply involved in the privatization process. Its head, Rafael Iniesta, will become director of the Inter-American Development Bank, representing a group of countries in which Brazil is not included. William Otrera, who headed the Public Works secretariat, which also disappeared, will become a World Bank director.

Brazil: Nation Considered Haven for Money Laundering

PY1306160496 Rio de Janeiro JORNAL DO BRASIL in Portuguese 9 Jun 96 p 16

[By Vaconcelo Quadros]

[FBIS Translated Text] Sao Paulo — The Financial Activities Force (FAFT), an international 68-country organization that investigates financial systems that were contaminated by the laundering of money of suspicious origin, is watching Brazilian banks. Says Sao Paulo judge Walter Fanganiello Maierovitch, the coordinator in Brazil of the Giovanni Falcone Institute of Criminal Science, and one of the top researchers of organized crime: "Brazil is one of the countries in which the mafia organizations all over the world are most interested, and FAFT wants Brazil to become one of its members. So far, only the financial havens have not yet joined." Brazil attended the meeting during which FAFT was created, but did not join.

Created during a conference held two years ago in Milan, Italy, FAFT is headquartered in Lyon, France. It investigates the financial infiltration of the mafia in 26 of its 68 members. Using an information exchange mechanism similar to the one used by Interpol, FAFT searches for the breaks in the financial system through which the money produced by drug trafficking and by other criminal activities enter such systems. Maierovitch said that Brazilian banks are one of the preferred alternatives for criminal organizations.

Brazil has no specific laws for punishing the banks that recycle illegal money. There are two typical examples. Paulo Cesar Farias used the cash remainder of the campaign of former President Fernando Collor to move millions of dollars through ghost current account owners. The so-called CC-5 (Circular Letter No. 5) accounts, initially destined for foreigners in transit, concealed a system designed for illegal money remittances abroad.

In both cases, none of the involved banks was punished. Furthermore, the law that protects bank secrecy is so rigid that it creates unsurmountable obstacles for the investigations, even when the lifting of bank secrecy is requested by the Attorney General.

The objective of the work by FAFT, according to Maierovitch, is to check suspicious financial operations, and exchange this information with the markets with which the operations have originated. To do this, however, the country must permit a monthly monitoring of government-controlled operations and of the entire financial system, without considering the action of monitors as a violation of national sovereignty.

"Why have Italy, France, England, and the United States fully agreed to the monitoring?" Maierovitch wondered. The answer, according to him, is that it is because signatory countries are striving against the contamination of the institutions, in order to prevent organized crime from infiltrating the institutions until becoming a threat to democracy and to people, as it is currently happening in Colombia.

He praised the proposal to create a Council for the Control of Financial Activities, which the government intends to transform into a super-agency to fight the laundering of money. Maierovitch, however, predicted that the new organ will face great restrictions, because its action will be limited to the internal market. "The laundering and recycling of illegal money is a multinational crime. It is a mistake to concentrate only on regional aspects," he added.

FAFT recommends countries to create specific laws, giving banks and financial institutions operating on the market the mechanisms to detect money of suspicious

origin. In the case of Brazil, FAFT information might circulate through a data bank connected to the Federal Revenue Secretariat and the Central Bank, while abroad it will be connected to Interpol and to the International Monetary Fund. This can facilitate the exchange of information in order to discriminate normal from suspicious market operations.

Investigations — Maierovitch noted that if Brazil joins FAFT, there can be deep effects on the Brazilian repression structure. The first one involves a change in the approach to investigations. While the police of more advanced countries keep track of the money to reach the gangs, repressive action in Brazil works the other way. That is, action concentrates on people, while organized crime always operates behind a financial structure.

International trafficking has made Brazil one of the most important drug corridors. Yet the arrest of foreign traffickers by the police rarely affects top-ranking members of organized crime. Maierovitch, however, emphasized that the tonnes of cocaine sent from Colombia, which cross Brazilian territory and reach European countries, are the object of transactions that are monitored by the big shots of cocaine cartels and of mafia organizations.

Brazil: Drug Money Reported in Border Towns

PY1306160296 Sao Paulo FOLHA DE SAO PAULO
in Portuguese 9 Jun 96 Section 1 p 11

[By Sergio Torres]

[FBIS Translated Text] In March 1995, the three banks of the town of Xapuri, in Acre, received 257,099 checks worth \$64,524,285.66. There is no industry in the town and the town council has gone bankrupt since then. It collects 28,000 reais [R] monthly and has to pay R60,000 to its employees.

During the same month in Cacoal (RO) [Roraima], checks worth \$157,447,626.67 were deposited. The economy of the town is based on coffee crops and livestock exploitation. The amounts produced by the two activities are far smaller than the check deposits.

Xapuri and Cacoal are two examples of the strange financial mobilization in the Amazon region, which was detected by the BC (Central Bank). This mobilization has been investigated for three years by the Department of Geography of the UFJR (Federal University of Rio de Janeiro).

The investigation shows that bank agencies in small Amazon region towns receive check deposits amounting to millions of dollars above the amounts that are collected in the marketing of the main locally produced goods.

The study, which will be published this year as a book, concludes that the money originates with international cocaine trafficking.

The towns where the deposits are made are close to the Bolivian and Peruvian borders — cocaine producing countries — and are in the international trafficking routes investigated by U.S. Government organs like the DEA and the FBI. For one week, FOLHA toured border counties in Acre and Rondonia, which register the most surprising check deposit cases, according to a BC report that was annexed to the study.

The geographical profile, land tenure, and the almost total absence of government powers in the region encourage the circulation of cocaine and drug trafficking money.

Police Control

There is practically no supervision or police control on the Bolivian and Peruvian borders. Almost all ranches have airstrips for small planes, which also land in clearings, grasslands, and even in highways.

In Xapuri (200 km from Rio Branco, the capital of Acre), the airstrip operates without federal or local police control.

Planes land, passengers jump out, get on waiting cars, and head for bank agencies in Xapuri, according to a report by Mayor Jose da Silva Cunha (PPB) [Brazilian Progressive Party].

With 5,075 inhabitants in its urban area, Xapuri is the most obvious evidence that money of unidentified sources is circulating in the region.

This town is located on BR-317 highway, the main circulation route for the cocaine that enters Brazil by land through the Acre towns of Assis Brasil (on the border with Peru) and Brasileia (on the border with Bolivia). The 350 km between Rio Branco and Assis Brasil are uninhabited and have no police control.

Stolen cars, trucks, and freight are brought to Brasileia (250 km from Rio Branco, on BR-310 highway), and they are exchanged for cocaine in the Bolivian city of Cobija.

The fact that Brasileia is Acre's fifth largest town (20,182 inhabitants), and that it is separated from Cobija only by Abuna river, has not made the Federal Police — which have only two policemen in the city — change their mind.

According to investigations conducted by the federal police in Rondonia, highways are also intensively used by traffickers.

Gangs use BR-364 highway joining Porto Velho and Vilhena. Along this route, banks of towns like Cacoal, Ariquemes, and Ji-Parana are supplied with money. After crossing the border, the cocaine is concealed in the middle of logs in the hundreds of trucks which leave Rondonia for southern Brazil.

Brazil: Bank of Brazil Land To Be Used for Agrarian Reform

PY1406034896 Brasilia Voz do Brasil Network
in Portuguese 2200 GMT 13 Jun 96

[Report by Lourival Macedo in Brasilia]

[FBIS Translated Text] The Bank of Brazil will transfer to the INCRA [National Land Reform and Settlement Institute] 120,000 hectares of land it received in payment of debts. The land will be used in the agrarian reform program. This issue was discussed today in Planalto Palace during a meeting between President Fernando Henrique Cardoso and Agrarian Reform Minister Raul Jungmann, Finance Minister Pedro Malan, and Bank of Brazil Acting President Joao Batista Camargo.

The Agrarian Reform Ministry and the Bank of Brazil signed a cooperation agreement. According to the document, the Bank of Brazil will transfer to the INCRA 120,000 hectares of land from rural properties it received from borrowers who were in default. There are 364 properties located in different regions of Brazil, of which 4,000 hectares are located in the State of Sao Paulo. This land will be used in the government agrarian reform program.

A work group made up of Bank of Brazil and INCRA employees will select the land suitable for agriculture. Following this selection, the experts will determine which property owned by the Bank of Brazil can be transferred to the INCRA. The Bank of Brazil will receive Agricultural Debt Bonds, TDA's, in exchange for the land. The TDA's are long-term bonds issued by the national Treasury and can be used as privatization currency during the auction of public companies.

Agrarian Reform Minister Jungmann said that next week he will meet with the presidents of state banks to discuss similar agreements:

[Begin Jungmann recording] Next week I expect to meet with the presidents of all the state banks so that we can discuss the possibility of repeating this same agreement with all the state banks, thus increasing the supply of land and expediting the agrarian reform process. [end recording]

Minister Jungmann said he expects to settle landless families on land donated by the Army soon. He said

that the first stage will take place either in Para State or Mato Grosso State.

Brazil: Landless Peoples Movement in Illegal Acts
PY1306163396 Sao Paulo O ESTADO DE SAO
PAULO in Portuguese 7 Jun 96 p A3

[Editorial from "Notes and Information" page: "The 'Social' Issue Placed Above the Law"]

[FBIS Translated Text] The Landless Peoples' Movement [MST] is transforming the land ownership issue into a police case and is counting on the lenience of the federal and state administrations, which are intimidated by the consequences of the latest forced evacuation of occupied land in Para State. These administrations do not realize that they will be inviting the movement to intensify confrontation and increase violence if they try to pretend not to see how serious it is to have MST members occupying public offices and holding their occupants as hostages. This sort of temporization always leads to demoralization of gubernatorial powers and does not necessarily mean that the social issue will be solved. In the end, one of the parties loses its balance and the consequences of such a situation are known to all. From the MST viewpoint, all outcomes are good, even if they include deaths. The blood that soaks the earth gives force to their claims and the sacrifice of "peasants" lights abroad the flame of a romanticism that can no longer be found anywhere else. For the government and the institutions in general, however, this represents a disaster that is a little worse than the calamity of omission. One way or the other, the federal and state administrations become demoralized.

It is, therefore, unacceptable for these administrations to allow the MST to continue acting freely. The movement has been occupying one federal building after the other, taking hostages, and causing embarrassment to people. Nevertheless, the federal administration has been accepting all that too naturally. Currently, the landless people and other groups connected to the Sole Workers Center [CUT] are devoted to occupying public buildings and placing their occupants in ridiculous or embarrassing situations by holding them hostage. As the government officials do not react to these acts, very soon other groups may decide to follow this example. If the MST and CUT guys can do it, why can't the rest of the cheerfully protesting groups do the same? If the government prevents them from doing so, they can resort to the court and demand equal treatment, which is a constitutional right the administration must make sure all citizens or groups of citizens are enjoying.

There is a very small difference between the MST leader who held three hostages at the INCRA [National Land

Reform and Settlement Institute] office in Salvador [Bahia] and the head of a Red Command group who kidnaps someone in Rio de Janeiro. If the gang kingpin is arrested, he goes to jail. The MST leader, however, is left to go freely and is applauded by the group of foolish people who have been swapping favors in the name of the administration's so-called social debt. One of the criminals does things and hides them; the other does things and summons the press to report them. In both cases, however, the public administration and the laws are the same. It is a crime to keep a person in a private prison no matter who does it or who suffers it. Similarly, a revolver is a working tool for a security agent and a lethal weapon in the hands of a bandit; just as well, a scythe, which is a working tool in the fields, is a lethal weapon in the hands of the "watchdogs" who, standing in front of the INCRA office in Salvador, barred access to the building.

There has been a time when the administration adopted the doctrine of not to expropriate occupied land and not to give in to pressure exerted by occupying public buildings. The objective of such a doctrine was to render useless attempts to perform truculent bartering and to consecrate the universal principle of not recompensing people for their evil doings. Nonetheless, things have changed. Currently, occupied land is immediately placed at the top of the list of properties to be expropriated or purchased by the administration, as it has almost happened in the case of the land occupied at Eldorado dos Carajas. Those who occupy public buildings, take hostages, and embarrass people are recompensed. In the recent occupation of the Agriculture Ministry in Brasilia, the occupiers initially requested a 2 billion reals [R] loan to finance the so-called one-family farming program. The federal administration agreed to give them R400 million but the guys of National Confederation of Farmworkers, which has been operationally absorbed by CUT, left the lawn of the Esplanada dos Ministerios square with nearly R1 billion.

On 6 June, after being held in a private prison for three days, the Salvador hostages were freed, although the INCRA office remains occupied. Coincidentally, the MST guys left the Querencia do Norte City Hall, in Parana State, which they had also occupied. In both cases, the government officials yielded to the demands made by the groups that were violating the laws. Is this what they call to defend the social issue?

Brazil: Proposal Easing Petroleum Monopoly Criticized

PY1406032296 Sao Paulo AGENCIA ESTADO in Portuguese 1701 GMT 10 Jun 96

[FBIS Translated Text] Sao Paulo, 10 Jun (AE) — Legal specialist Gastao Alves de Toledo has said that the Mines and Energy Ministry proposal regulating the easing of the Petrobras [Brazilian Petroleum Corporation]] monopoly maintains and even expands privilege, consolidating a de facto monopoly. Carlos Anisio Rocha Figueiredo, president of the Brazilian Association of Major Industrial Power Consumers (ABRACE), emphasized that the proposal represents "the risk of suppressing existing industrial investments and the potential investments in several places in Brazil." The point that has elicited strongest criticism is the creation of two autonomous agencies that will share the functions of regulatory organs during the process of easing of the monopoly: the National Petroleum Agency (ANP) and the National Petroleum Policy Council (CNPP). The entrepreneurs want an agency that should be independent from the government, run by persons enjoying job stability, and that should not interfere too much or too bureaucratically for authorizing operations, because this will inhibit competition. Specialist Gastao Toledo, director of the Legal Affairs Department of the Brazilian Institute of Penal Law, disagrees with the ANP role of evaluating nationwide needs and of planning how to meet them by designing the National Refining Plan and the National Supply Program. "This means giving the regulatory organ the means for extended interference with the market, opposing the objective of the constitutional reform, which is to promote free competition with the participation of private enterprises in the activities related with petroleum." Carlos Anisio noted that private concessionaires will pay 10 percent royalties as of the start of production of petroleum or natural gas in each field, while Petrobras and its subsidiaries, according to the government proposal, will pay a 5 percent royalty. In his opinion, the royalties must be established as a function of the risk of each project, without any advantages for the state-run enterprise.

Brazil: Nuclear Waste Disposal Said Improper

PY1306163196 Rio de Janeiro JORNAL DO BRASIL in Portuguese 9 Jun 96 p 6

[From the "JB Report" column by Mauricio Dias] [FBIS Translated Text] The radioactive waste of the Angra dos Reis nuclear plants — the so-called

atomic waste — which has been dumped in provisional reservoirs is not being disposed of properly.

The National Accounting Office [TCU] experts have already reached this conclusion, although they have not concluded their investigation. They have already gathered partial information and these have left them "in a state of profound perplexity" in face of an act deemed irresponsible.

The construction of a "definitive deposit" for atomic waste requires the allocation of resources estimated at \$1 billion.

Among the already mentioned irregularities, the TCU experts have been officially informed by the Furnas Electric Power Plants, Inc. [Furnas] that the price of the Angra 1 plant — which was established before Brazil and Germany signed the nuclear accord package in 1975 — is variable. This means that, if calculations are based on the General Price Index the plant may have cost \$18 billion. If calculations are based on the Reference Fiscal Unit, the price may have been \$10 billion, and if the criterion used for the calculations is based on the average price of the dollar, the price then drops to \$8 billion. It is an absolute mass.

There is more to it. What will the country do to deactivate Angra 1 when its useful lifespan is over? No one knows. In 1985, the National Electrical Energy Department, of the Mines and Energy Ministry, had already asked Furnas to figure out an estimate cost for this deactivation work, which is technically called "decommissioning." An answer has never been given to this request. It is well known, however, that the price is monumentally high. At current prices, the decommissioning of the Saint Vrain atomic plant, in Colorado (United States), has cost nearly \$600 million.

May some kind soul protect us from all that.

Brazil: Businessmen Seek Broader Telecom Law

96SM0354A Rio de Janeiro JORNAL DO BRASIL in Portuguese 6 Jun 96

[Unattributed article: "Businessmen Want Broad Telecom Law" — received via Internet]

[FBIS Translated Text] The businessmen attending the Telecommunications Seminar sponsored by the JORNAL DO BRASIL this week feel that the new law regulating the sector should be as broad as possible to make room for the billions of dollars in investment that are expected over the next few years. The only representative of the National Congress who participated in the event, Federal Deputy Paulo Bornhausen, feels that the executive branch lacks the initiative to speed up handling of the bill on that subject.

For its part, the administration, represented by Fernando Xavier Ferreira, president of Telebras (Brazilian Telecommunications, Inc.), and Ercio Alberto Zilli, special adviser to the Ministry of Communications, feels that the pace of the Brazilian privatization program is appropriate, arguing that France began its program 14 years ago but has still not completed it and that the United States took five years to establish the operating rules for its market.

Those differing stands were clearly evident in the last phase of the seminar, the main topic of which was "The New General Law on Telecommunications—Globalizing the Market and Making Services Operational." Participating in the debate were Fernando Xavier Ferreira, president of Telebras; Federal Deputy Paulo Bornhausen (PFL [Liberal Front Party], Santa Catarina); Carlos Paiva Lopes, president of Ericsson of Brazil; Verner Dittmer, superintendent of Equitel; Servio Tulio Prado, production manager at the NEC (Nippon Electric Corporation); and Luiz Almeida, vice president of Odebrecht. The debates were moderated by Guilherme Barros, editor of JORNAL DO BRASIL's "JB Economic Report."

Defending the administration-imposed pace of privatization in the sector in question, Fernando Xavier Ferreira, president of Telebras, pointed out that the law regulating the branches of mobile cellular telephones, data communication, and value added services (VAS) and opening them up to the private sector already covers at least 30 percent of the telecommunications market. "We accomplished that in record time compared to other countries," Ferreira insisted. As counterpoint to that view, Servio Tulio, the NEC manager, pointed out that the process of economic globalization, particularly in the area in question, is tending to "trample" the administration's excessive concern with regulating the sector and that this is demolishing Telebras' net worth.

In another opinion, Deputy Paulo Bornhausen criticized the legal obstacle preventing investors in Band A (mobile cellular telephones) from also operating in Band B (fixed cellular telephones) on the grounds that permission to do so would mean an inestimable loss in the Telebras system's net worth. "The way the law is written, the administration acts with discretionary power, with the result that parts of the population will be excluded from those technological advances." On that issue, Zilli emphasized the distinction between legislation specific to telecommunications and that applying to broadcasting, which governs fixed telephones. The special adviser also pointed out that unlike fixed telephony, mobile cellular telephony already has a balanced rate policy. Bornhausen shot back: "fast law in Brazil means an MP [provisional measure]," and he concluded

by saying that "democracy has many characteristics, but speed is not one of them."

The president of Telebras emphasized the guarantee of fair competition, consumer protection, and investment promotion as being the three basic parameters that will undergird the new telecommunications law. To that end, Fernando Xavier Ferreira said it was essential that the law remain stable over the long term. According to him, another objective of the law is the establishment of a regulatory agency characterized by independence as far as its budget and management are concerned. In addition to fair competition in this market, Verner Dittmer, vice president of Equitel, said there was a concern to see the law written in such a way as to prevent excesses in the industry, one example being a concentration of power. "The market must be regulated so as to provide opportunity for new groups," he said.

Ercio Zilli, special adviser to the Ministry of Communications, felt that the regulatory agency should only enforce the policy for the telecommunications sector, not formulate it. Bornhausen rejected that idea, saying that the existence of the regulatory agency would make the Ministry of Communications superfluous and justify its elimination. While emphasizing that he did not want to see a hasty opening-up of the sector, Servio Tulio said that an as yet unmet demand existed for 14 million conventional lines.

For his part, Bornhausen challenged the new law's stipulation that funds derived from privatizations and the sale of operating concessions be allocated to the regulatory agency. "There is no experience whatever with something like that anywhere in the world, because the funds are normally turned over to the National Treasury. If they are given to the Ministry of Communications, we will have a ministry in a class of its own and other ministries in a lower class," he said, adding that according to his calculations, the funds in question could amount to \$2 billion per year—a great deal more than the \$100 million included in this year's General Budget of the Union (OGU) for the Ministry of Communications.

Luiz Almeida, vice president of Odebrecht, suggested separating the minimum law from the regulation process. According to him, the regulation process should include a definite timetable enabling investors to plan for the new market reality. Xavier Ferreira feels that the timetable for opening up telecommunications cannot be established until after regulation is completed. "The time factor cannot be controlled. The examples in Europe and the United States show that," he explained.

Carlos Paiva noted that besides ensuring that investments in the telecommunications area—estimated by the

government at 75 billion reais—materialize, it is also necessary to ensure that the outlook and know-how built up by the industry in Brazil are not lost as a result of the danger that "the center of gravity as regards decisions affecting domestic telecommunications will shift to other countries." "This is not a question of being or not being nationalistic; it is a matter of making the most of the country's intellectual assets," he said in conclusion.

Brazil: Cellular Phone Voice Scrambler To Be Marketed

96SM0370A Sao Paulo ISTOE in Portuguese
1 May 96 p 47

[Article by Mario Chimanovitch: "A Blow at Wiretapping"]

[FBIS Translated Text] Voice scramblers arrive in the world of cellular telephones and confound espionage.

"Tapping" cellular telephones is one of the plagues of modern times, but its days may be numbered. Two friends with an innate bent for inventing—Eduardo Bloch, 27, a former law student, and Marcello Rachilyn, 25, an electronics engineer—are ready to launch a cellular telephone voice scrambler on a commercial scale within the coming month. What it will do in practice is eliminate the headaches of many businessmen, politicians, and executives. The lack of security felt by cellular telephone users is so great that in the capital of the republic, where the number of cellular telephones per capita is the highest in the country, most deputies and senators limit themselves, when they pick up one of those telephones, to an exchange of greetings and the murmuring of words in code to schedule important commitments.

But friends Eduardo and Marcello decided four years ago to set up a mini-company to manufacture rudimentary and genuinely homemade products to defeat electronic eavesdropping. They were inspired by espionage films and books and by a few stories published in the newspapers about snooping on the conversations of well-known people in the political arena. Tetch, the firm they established in 1991, has been transformed and is no longer a mini-company. Back then it was producing between five and 10 devices per month to fill orders from people under pressure from illegal eavesdropping. Those devices were and are intended to protect conventional telephone lines, and they have now been installed in a number of cabinet offices in Brasilia, including even the Ministry of Armed Forces, because of their proven effectiveness. From the WL 2.0—the name given to the first electronic device they produced—has now come a revolutionary technological leap. Under license from

the German firm Sachuberg in Munich, which produces Masa software with many applications in the electro-electronics industry, the two friends joined with engineers at Unicamp [Campinas State University] to develop a chip—an encrypting chip—that encodes the human voice during a telephone conversation and makes the signals unintelligible.

"The current system used in Brazil for cellular telephones makes communications extremely vulnerable," says inventor Rachilyn. "Today it is possible to tap cellular telephones by two methods: directional and random," Bloch explains. The so-called directional tap is achieved using highly sophisticated equipment produced by the Americans and the Israelis and costing around \$50,000, thus putting it almost beyond the reach of the private detectives who advertise in the classified columns of newspapers, where they offer to make illegal recordings. Eduardo also says that cellular telephones are tapped because they operate using analog radio signals, which are easy to pick up and decipher. In the case of conventional telephones, a tap can be placed on the switchboard in an apartment house or on the cable linking the telephone poles on a residential street, or it can be hooked up directly to the tangle of wires at telephone company headquarters.

"Under our system of cellular telephone protection, voices are digitized and encoded based on a mathematical key, and the signals can only be 'decrypted' (decoded) by the recipient," Rachilyn explains. "That way, anyone trying to monitor the lines in question will hear only unintelligible signals." One important point: in order for the system to function, the telephone at each end of the connection must have the voice-scrambling chip. The CriptoCell, as the antimonitoring device has been christened, is being produced by Tetch, and plans call for installing it on two of Motorola's cellular telephone models—the Light and the Ultralight. The price has not yet been decided. Tetch will market telephones already equipped with the device and also promote the modification of telephones in the hands of interested customers. With about 150 users throughout Brazil using the WL 3.0 and WL 4.0 security devices, which operate through analysis of the telephone line on which they are installed instead of setting up cryptographic networks, Tetch hopes to expand its list of consumers. "We are in a market that is constantly expanding because of the tricks of espionage, both political and economic," say the two partners.

Brazil: Government Leaders Postpone State Reform for 1997

PY1406035096 Rio de Janeiro O GLOBO in Portuguese 12 Jun 96 p 5

[FBIS Translated Text] Brasilia — The fear of losing votes in the elections has led government leaders in Congress to shelve — until further notice — the administrative reform process providing for, for example, the possibility of dismissing public servants. Leaders of the PPB [Brazilian People's Party], PMDB [Brazilian Democratic Movement Party], and even of the PSDB [Brazilian Social Democracy Party] backed, on 11 June, a proposal by PFL [Liberal Front Party] leader Inocencio de Oliveira (PE) [Pernambuco] to vote on the tax reform first. The justification was the need to approve the changes in the taxation and fiscal areas in 1996, so that they can come into force in 1997. If approved, this will be a new confrontation between what the president wants and what his allies in Congress do.

Says Oliveira: "I am concerned about the elimination of tariffs affecting exports, basic basket products, and raw materials from agriculture. The institutional part of the tax reform and the administrative reform can be left for the period after the municipal elections."

The proposal, which was backed by Michel Temer (PMDB-SP) [Sao Paulo] and Odelmo Leao (PPB-MG) [Minas Gerais], was endorsed by Chamber of Deputies President Luis Eduardo Magalhaes (PFL-BA) [Bahia]. Planalto Palace, however, has resisted it, because the government wants to vote on the administrative reform immediately after the voting on the social security reform. Benito Gama (PFL-BA), the government leader in the Chamber of Deputies, rejected the proposal:

"After the social security reform, the government's priority is the administrative reform."

"This is a wiser decision. If the tax reform changes are approved in 1997, they will be enforced only in 1998," Temer claimed.

Brazil: Deputies To Continue With Constitutional Reforms

PY1406113296 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 13 Jun 96

[Report by Flavio Figueiredo in Brasilia]

[FBIS Translated Text] Deputy Benito Gama (PFL-BA) [Liberal Front Party-Bahia], who is government leader in the Chamber of Deputies, guarantees that the agenda to approve the constitutional reforms will not be modified. Gama and the pro-government party leaders will meet this afternoon with Political Coordination

Minister Luis Carlos Santos in the home of Chamber of Deputies President Luis Eduardo Magalhaes.

According to Benito Gama, the strategy is to conclude the first voting round on the social security reform next week. He said that the administrative reform will be voted on before the tax reform and that Congress will continue operating in July:

[Begin Gama recording] Once we finish with the social security reform, we will modify the rules for voting regarding the articles that must be voted on separately. We will stop this instrument that is paralyzing Congress and the rest of the country.

Afterward, we will work on the agenda of the administrative reform, then the tax reform, including both constitutional articles and common laws. Then we will continue with economic laws, that is, the regulation of economic matters like oil activities and domestic ship routes, and the summons of Congress in July so that we can make progress and continue voting on the reforms before the municipal elections take place. [end recording]

Benito Gama said that the government will not give up the CPMF [Provisional Contribution on Financial Operations]. The strategy is to defeat the resistance put up by the parties, including the PFL.

[Sao Paulo AGENCIA ESTADO in Portuguese at 2315 GMT on 13 June carries a report that notes: "The government leaders in Congress will attempt to maintain regular voting sessions on Tuesdays, Wednesdays, and Thursdays during the extraordinary congressional session in July. Given that the government knows that it cannot count on the presence of a considerable number of deputies as of August, when the election campaign begins, the leaders decided to hold an informal recess. This means that during the months preceding the elections, the Chamber of Deputies will hold sessions only every 15 days. The deputies will be called to vote for one week and they will be excused for the next week."]

Brazil: Rio Bloc Among Most Influential in Congress

96SM0354B Rio de Janeiro JORNAL DO BRASIL in Portuguese 6 Jun 96

[Unattributed article: "Rio Bloc Among Most Influential in National Congress" — received via Internet]

[FBIS Translated Text] DIAP [Interunion Department for Advice to Congress] reveals the influence that congressmen from Rio de Janeiro State have on decisions made by the legislative branch.

The bloc from Rio de Janeiro State is one of the most influential in the National Congress, judging from the evaluation report prepared by DIAP—and reported in the "JB Report" yesterday—which charts the congressmen who actually exercise influence in connection with the legislative branch's decisionmaking power.

Of Rio de Janeiro's 49 federal deputies, 10 are mentioned in at least one of the five categories analyzed by DIAP in determining what it calls the "chiefs" in Congress: debaters, coordinators/organizers, formulators, negotiators, and opinion makers. The Rio State bloc scored 20.40 percent and was surpassed only by Sao Paulo (32.39 percent) and Rio Grande do Sul (22.22 percent). But it has the lead in the Senate, where two of its three senators made the cut, compared to only one each from Sao Paulo and Rio Grande do Sul. Of the three Rio de Janeiro senators, the only one left out was Benedita da Silva ("Bene") of the PT (Workers Party), a party amply represented in DIAP's report.

Other Rio de Janeiro representatives whose absence from the report draws attention are Deputy Maria da Conceicao Tavares (PT) and Deputy Fernando Gabeira (PV [Green Party]). Maria da Conceicao is an assiduous member of Congress and a passionate debater. Gabeira, his party's only representative in Congress, has at least been causing controversy through his campaign to decriminalize marijuana and promote the industrial development of cannabis, the plant from which it is extracted.

PT shines—Although "Bene" and Maria da Conceicao Tavares were left out, the PT nevertheless shines in the DIAP report. The presence of its deputies among the most active speakers in the Chamber of Deputies is the highest in absolute figures (16 deputies, or 32.65 percent of the party bloc).

Another conclusion that can be drawn from the DIAP report is that the Senate surpasses the Chamber of Deputies when it comes to "chiefs" in Congress. Of the senators, 33.3 percent effectively influence decisions in the legislative branch. Of the deputies, only 14.2 percent are mentioned.

The methodology used by DIAP in identifying and classifying the congressmen takes qualitative and quantitative criteria into account. Those include institutional factors and considerations of reputation and decisionmaking. DIAP warns that since it looks at circumstances as they are at the moment, this type of survey is always subject to modifications imposed by the very dynamics of politics.

"Chiefs" from Rio de Janeiro State

Name	Party
Alexandre Cardoso	PSB
Artur da Távola	PSDB
Darcy Ribeiro	PDT
Jandira Feghali	PCdoB
Milton Temer	PT
Miro Teixeira	PDT
Moreira Franco	PMDB
Lima Neto	PFL
Roberto Campos	PPB
Sergio Arouca	PPS

[Party acronyms: PSB = Brazilian Socialist Party; PSDB = Brazilian Social Democracy Party; PDT = Democratic Labor Party; PCdoB = Communist Party of Brazil; PT = Workers Party; PMDB = Brazilian Democratic Movement Party; PFL = Liberal Front Party; PPB = Brazilian People's Party; PPS = Popular Socialist Party.]

Classification

Opinion Makers

These are congressmen who, because of their respectability, credibility, and discretion, are called upon to arbitrate conflicts or conduct political negotiations of great importance. They are usually experienced deputies or senators possessing easy access to the various factions and segments of opinion represented in Congress and a comprehensive view of the country's problems. Their opinions strongly influence decisions made by the other congressmen. They constitute the elite of the legislative branch, although they do not necessarily occupy key posts as formal leaders or presidents of the two houses of Congress.

Coordinators/Organizers

These are congressmen who enjoy excellent access to the various political factions and whose skill at interpreting the thinking of the majority gives them the necessary credibility to arrange and create the conditions for consensus. Many of them exercise invisible power among the other members of their blocs without appearing in the press or in the debates held in plenary session or in committee. Being in close contact with the opinion builders, they take charge of disseminating and supporting the decisions or intentions of the opinion makers. They are not necessarily erudite or intellectual.

but they possess a political instinct and a gift for synthesis.

Negotiators

Generally speaking, these are the congressmen who sit down at the negotiating table with the authority to make decisions. The negotiators, usually experienced politicians respected by their peers, try to learn in advance the aspirations and bargaining positions of their colleagues on the other side of the table so that they can establish their tactics of persuasion.

Debaters

These are active congressmen paying close attention to events and, mainly, possessing a great sense of timing and the ability to reflect, either in plenary session or in the press, the political events occurring inside and outside Congress. Essentially, they are extroverted congressmen attempting to "build empires" and exploit matters that might be news. Familiar with their house rules, they exercise real influence in debates and in adoption of the priority agenda.

Formulators

These are congressmen who devote themselves to writing the text of bills for debate. They are usually jurists, economists, or people who specialize in a specific field to the point that they can put the subjects they have mastered into words. They are certainly the most productive congressmen, although they may be less conspicuous than the debaters. After all, they are the ones who conceive and express in words the topics brought before the legislative branch for debate and a decision.

Brazil: Daily on Executive Branch 'Disorientation'

PY1306163796 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 9 Jun 96 p A3

[Editorial from the "Notes and Informations" Page: "The Cruel Dilemmas of the Executive Branch"]

[FBIS Translated Text] Inflation is under control, and the economy is going through a phase of stability that was never experienced in the past. The country should be happy, and the executive branch should be much happier. Things, however, are not like that. Public opinion polls seem to indicate that there is some dissatisfaction, while newspaper reports reveal that there is a campaign, not against the government of Fernando Henrique Cardoso, but a campaign to cause disorientation within the administration. Disorientation may be corrected. As soon as the president becomes aware of it, he can adopt the appropriate measures. Worse than disorientation, however, is the reaction that it has elicited from various executive branch sectors. To

say the least, the executive branch is a prisoner of cruel dilemmas, the resolution of which may be central for the course that the economy will from now on take — meaning whether to return to price control.

Disorientation is visible in the cases about which the public is now concerned: medical assistance plans and fuel prices. Thus far, those issues have been marked by hesitation. In the case of medical assistance plans, prices were first allowed to go free (despite the fact that a representative of the sector has told radio stations that he was surprised at the decision, because prices had already been deregulated). Thereafter, the increases made during the price deregulation period were annulled on charges that they were "abusive price increases." Immediately after that, another increase was authorized, warning that increases above 20 percent would be considered "abusive."

The same thing happened with the price of fuels. Prices were deregulated, and — immediately thereafter — the fact that prices increased beyond the specialists' estimates caused great apprehension. What had to be done? Gasoline stations were threatened with the return to price control. Brasilia gasoline station owners defended themselves: fuel distribution enterprises, which formed a cartel, were to blame! Before checking the operation of this cartel, in which each enterprise (dealer) had its own price, the government continued to issue threats, filing lawsuits against gasoline station owners on charges of forming a cartel! The point, however, was to know against whom the threats had to be issued. For this reason, a ministry official asked for information from an official of another ministry, in order to know from whom he should ask for an explanation on price readjustment in an economy in which the government has deregulated prices.

Such disorientation is serious indication that the administration's machine is approaching chaos. Something more serious was the reaction of high-ranking Justice Ministry officials, the portfolio that concentrates control over abusive prices, which the executive branch deregulated through the Finance Ministry: the officials claimed that the finance ministry is against a legal solution for the problems! According to Rio de Janeiro newspapers, though, a high-ranking justice ministry official went even further: In order to have a good policy for formation of prices, it is necessary to have a good ministerial advisory team with qualified personnel. What is the consequence of this? First, that the voice of those who advocate state intervention is beginning to be heard, condemning the preconception of the economists, who advocate a market economy (but who do not want abusive price increases). Second, that if this is true, there is no guarantee that the inflation rate growth

will not make the economists make concessions to those advocating state intervention, once again giving rise to official comments — in the circle of those who have decisionmaking power — that a team must be assembled to properly design a price policy through laws, and — therefore — through provisional measures approved by the president.

The case of school installments has strengthened the position of state intervention advocates, who believe that reedding the provisional measure that established several rules prevented many schools to continue to make their own price policy. They want the same for medical assistance plans. It is notorious and publicly known that the directors of some plans imagined that price deregulation eliminated the fact that consumers can pay only the money they have for such expenditures. Those directors established the new prices as a function of the profits they wanted to make. This attitude has even caused a noisy demonstration in front of the building of an enterprise, whose director apologized over the mistake and said he would reexamine the problem. However, such cases are still far from being sufficiently strong to justify the return of state intervention, price regulation, or price freeze.

Actually, the government indecisiveness and the disorientation of the executive branch are creating conditions that do not only promote state intervention advocates, supported by the shortsighted vision that school owners, medical assistant plan managers, gasoline station owners, and fuel dealer managers have of the market economy. In fact, such indecisiveness and disorientation are making some sectors of the population think that the only possible solution is either to control prices or to demonstrate in the streets, as they did some days ago.

Chile

Chile: Mercosur Origin Requirements Said To Hurt Industry

PY1406113796 Santiago EL MERCURIO in Spanish 11 Jun 96 p B1

[FBIS Translated Text] The Industrial Development Association, Sofofa, has said that the list of specific requirements of origin presented by Mercosur [Common Market of the South] to our country hurts industry in particular.

Therefore, Sofofa Foreign Trade Manager Hugo Bairlein said that his organization will reject an important number of requirements demanded by Mercosur because they are "unacceptable."

Bairlein traveled to Montevideo yesterday to represent Chile's private business before the Mercosur negotia-

tors. The technical teams of Chile and Mercosur will meet from today until 14 June to define the norms of origin that will go into effect after an agreement is signed.

"There is no time left," said Bairlein. There is no time because the scheduled date for the signing of the agreement between Chile and Mercosur is 25 June.

The main problem of the specific requirements of origin, which were presented by Mercosur only last month, is related to the demand made by Chilean industrialists to include certain raw materials in the manufacturing of their goods. For example, the textile businessmen who design their goods with Italian material must now do it with material made in Chile or in any of the four Mercosur countries. This is necessary if they want to receive the benefit of the tariff reduction agreed upon with Mercosur for each product.

Bairlein said: "At the private level, there are businesses that are in a very complicated situation because they are obligated to buy raw material from the region, or lower quality and more expensive material. The imposition of specific requirements is harmful to national industry."

The Sofofa said the industrial sector that will be more affected by the specific requirement of origin is the one comprising producers of capital goods.

The requirement is that 60 percent of these goods must come from the region to receive the benefit of the tax refund when in reality many of them can hardly go up to 50 percent.

In this case, the Chilean negotiators will submit counter proposals to the Mercosur experts or they will reject the items that are troublesome.

The round of technical negotiations that begin today will be very important to decide if the free trade agreement will be signed on 25 June.

The negotiators will meet again on 17 June in Buenos Aires.

Chile: Official 'Flatly' Denies Sale of Weapons to Ecuador

PY1306145696 Santiago EL MERCURIO in Spanish 11 Jun 96 p C4

[FBIS Translated Excerpt] Jorge Burgos, war under secretary at the Defense Ministry, has flatly denied that Chile sold 5,000 small arms to Ecuador during the so-called "Condor Mountain Range War," an undeclared armed conflict pitting Ecuador against Peru over the border area in the Amazon region at the beginning of 1995.

In reply to a question about the article published by LA VANGUARDIA newspaper from Barcelona, Spain, Burgos said on 10 June: "That information is totally groundless and erroneous. I simply have no idea why somebody would release such information."

The issue of the sale of weapons to one of the countries involved in the aforementioned war caused a major scandal in Argentina following the exposure of the fact that Argentine military industries had sent a consignment of rifles bound for Ecuador. Rumor had it that Chile had sold weapons to one of the feuding countries in 1995. This was, however, denied by military authorities.

While declining to comment on this issue alleging that he did not know all the details about it, Defense Minister Edmundo Perez Yoma categorically stated that Chile's policy on the sale of weapons to other countries is absolutely known to everybody and therefore, does not have any secrets to conceal. [passage omitted]

The war under secretary categorically denied the information published by the Barcelona newspaper and said that exports of weapons manufactured by state-run companies are duly regulated.

Burgos pointed out: "All exports of weapons are subject to the confirmation and the authorization of the Defense Ministry, which previously consults with a commission on which the Foreign Ministry is also represented."

The war under secretary further stated that he did not understand the reasons behind the release of such information, which he termed "absolutely false," and which has often recurred since the end of the border conflict between Ecuador and Peru.

Burgos observed: "Any other piece of information is intended for some purpose, which I cannot guess. It seems quite odd, but I have no grounds for suspecting any ulterior motives in the disclosure of such information. In any case, the substance, essence, and nature of this information are false."

In February 1995, following Chile's alleged sale of 75 metric tons of ammunition and weapons, the government issued a communique in which it challenged the veracity of such information. Later, Army Deputy Commander General Guillermo Garin denied an alleged sale of Oto Melara cannons, which might have come from the spoils taken by the British following the Malvinas Islands [Falklands] war.

Pursuant to Chilean legislation, both private and government-owned enterprises which are engaged in the manufacturing of military hardware are entitled to

export. In order to do so, they must comply with all the procedures established by law.

By virtue of this legal provision, Chile has been exporting military hardware to several nations, including several countries of the region. As far as Peru and Ecuador are concerned, according to what the Chilean Government reported at the end of last year, the Ministry of Defense issued an authorization on 12 September 1994 to export military hardware, which was delivered pursuant to the customary international practices regulating this type of business transactions. The details of such transaction are, nonetheless, confidential.

Chile: Pinochet Comments on Prats Case, Succession Issue

PY1306163596 Santiago EL MERCURIO in Spanish
7 Jun 96 p C4

[Article by Patricio Gonzalez]

[FBIS Translated Excerpt] Arica — Army Commander General Augusto Pinochet said yesterday that under no circumstance does he accept or justify the murder of General Carlos Prats in 1974 in Argentina and that he is sure that Prats had many civilian enemies in the country.

In an impromptu news conference held in one of the halls of the Arica Hotel, Gen. Pinochet said he was a close friend of his former chief and that he did as much as possible to prevent Prats from getting hurt after he retired as well as after the 11 September 1973 coup.

Pinochet said that when Gen. Prats left the Army he was not very much appreciated by the people but he did not specify the reasons for this. He added: "Perhaps because he was going through difficult times, like the event when he fired at a lady on the coastal highway." [passage omitted]

Regarding the role played by Argentine President Carlos Menem in the reopening of the Prats case, Pinochet justified it fully because the president must be willing to help those who request it. He added: "It is Menem's problem. It is a political case. I don't comment on it."

Regarding the alleged participation of Enrique Arancibia Clavel, as member of the Dina [National Intelligence Directorate], in the attack against Prats, Pinochet said he was not aware of it. He added that the Dina existed when he was president, that the Dina was an information organization that never explained to him the procedures, only the results. He said: "An intelligence organization searches all over through many means."

Gen. Pinochet also referred to the enforcement of the Amnesty Law on the Soria case. He said he was abiding by the law. He added: "The justice branch ordered

Gen. Contreras to go to prison — something which is unusual in the world — and we accepted it. It was accepted; in other words I don't intervene in that aspect, that's the responsibility of the justice branch. No one should intervene, neither the executive nor the legislative branches."

Pinochet reiterated that the Army cannot comment on the actions of state organizations, and that Dina was one of them. [passage omitted]

Asked who may replace him as Army commander, Pinochet was obscure: He only said that if something happens to him, the officer next in command will replace him. He said: "He takes over the responsibility and he will know how to do it. I am not going to choose him, the president will choose him among the five most senior officers. And if I don't like it? What can I do? We understand the militia."

Pinochet avoided saying if he will leave his post before or on 11 March 1998, when constitutionally he will have to do so.

He was unwilling to comment on the Campo de Hielo Sur glacier case because, he said, it is a political problem linked to foreign relations. He pointed out that the map of the zone is ready, and that technical work is being made to determine the size of the glacier.

Colombia

Colombia: Minister Says Ties With U.S. at 'Lowest Point'

PA1406043396 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 13 Jun 96

[Report by Diana Matheus at Rosario University in Santa Fe de Bogota; from "The Latest News" newscast]

[FBIS Translated Text] Foreign Minister Rodrigo Pardo Garcia-Pena said a few minutes ago that it is advisable to carry out a revision of relations between the United States and Colombia. In his opinion, these relations are at their lowest point. He also said it is dangerous to have a high intervention by the United States in our country's domestic affairs:

[Begin recording] [Pardo] I believe we face dangers; that is, the tendency to interfere in Colombia's domestic affairs, but there are very grave dangers, for example, the tendency toward narco-nationalism in our country. I believe we should not fall for this. I believe certain proposals have been made and a certain language has been used by some sectors of the public, and these can be dangerous for what Colombia needs and for what I believe the United States also needs. They need to find a work plan despite the bad situation to solve the drug

problem and to handle all the other issues within our bilateral relations.

[Matheus] Is there any fear about the possibility of an economic retaliation by the United States?

[Prado] No, I think Colombia has the right to handle its affairs according to its internal institutions, Constitution, and laws; that is what we are doing, and I think there should be some respect from other countries toward Colombian institutions. [end recording]

On the possible cancellation of visas to Colombian officials for their entry into the United States, Foreign Minister Rodrigo Pardo Garcia-Pena said this task is the exclusive right of that nation, so no one can question the legality of those actions; nevertheless, he said the U.S. Government should try to study this issue and to analyze its advisability, so as not to affect Colombia's internal decisions.

Colombia: Minister Says U.S. Sanctions 'Would Not Be' Good

PA1406005796 Mexico City NOTIMEX in Spanish 2318 GMT 13 Jun 96

[FBIS Translated Excerpt] Santa Fe de Bogota, 13 Jun (NOTIMEX) — Colombia today stated its confidence that the United States will abstain from enforcing sanctions against the country following the decision by the Chamber of Representatives to exonerate President Ernesto Samper of the charges of ties with drug traffickers.

Colombian Finance Minister Jose Antonio Ocampo said "this would not be a good decision for the United States," but he warned the government would adopt special measures to counter the effects of those sanctions should they occur.

Reports from Washington on 13 June implied the possibility that the Clinton administration may impose economic sanctions against Colombia in response to the ruling that has declared Samper innocent of the charges of ties with drug traffickers.

The Chamber of Deputies has decided by 111 votes in favor and 43 votes against to shelve the case against the president due to the lack of evidence linking him to the alleged use of illegal money in his political campaign.

Asked about Washington's possible reaction to an exonerating verdict, Ocampo said "it would not be a good decision if the United States tries to throw fuel onto a raging fire within this national, political conflict."

"We must settle this issue in our own way, with our own means rather than with the participation of foreign governments," he said. [passage omitted]

Colombia: Representative Criticizes Prosecutor, U.S.

PA1306162496 Santa Fe de Bogota EL TIEMPO
in Spanish 13 Jun 96

[Received via Internet]

[FBIS Translated Text] Legalize drug trafficking to end the prohibition policies that have paid off so well for the United States.... [ellipsis as received]

Put an end to faceless justice in order to democratize procedures in this sector of Colombia's public administration.

Declare as expired the television newscast contracts as a way to stop the "Gaviria-Pastrana-Navarro" threesome and halt the media's "servile" attitude that plays into the hands of a conspiracy orchestrated from the United States.

These proposals were made last night by Representative Carlos Alonso Lucio, in the most acclaimed of the 77 speeches heard in Congress during the president's trial.

The United States, the prosecutor general of the Republic, and the media were the targets of the fiery representative, who said that to hand over a president to satisfy foreign purposes would be tantamount to relinquishing Colombia's little remaining dignity.

To the surprise of some of this colleagues, Lucio presented the thesis that the entry of drug trafficking money into a political campaign is not a felony and represents instead a moral or ethical problem, at most.

"The prosecutor general's judicial contortions, who invented such a thing as illegal enrichment for the benefit of third parties, are not only stupid, but contribute to society's madness," he stressed.

He accused Prosecutor General Valdivieso of using his judicial prowess as a weapon to strike political opponents. He said that by this the prosecutor is demonstrating a huge fear of going out into the open to democratically defend under conditions of equality, the ideas that will serve as a framework for a possible presidential campaign.

Quoting recent statements by Assistant Prosecutor Adolfo Salamanca, Lucio insisted that the prosecutor is not producing justice, but political opposition.

He also said that the president is being blamed for the felony of victory. This is proved by the fact that Andres Pastrana, the defeated candidate in the last election, now sees himself involved in a similar affair but with a lower profile, being the loser.

He compared Harry Beda, the financier who cooperated with the Andres Pastrana campaign and who now finds himself involved in money laundering problems, with Santiago Medina, the Samper campaign treasurer. "Beda is somewhat like Medina's 'foreign body.'"

For Lucio, it is time for the country to react with dignity in the face of the "U.S. interventionist and conspiratorial policy."

According to Lucio, Ambassador Myles Frechette believes himself "the owner of the absolute truth" and Robert Gelbard "is nothing more than a cheap 'thug' within the role of the oppressive police force that the U.S. regime plays in the world."

Lucio warned that this "conspiracy" will continue, regardless of the outcome of the Chamber of Representative case.

Colombia: Australian Official on U.S. Sanctions Threat

BK1406063896 Melbourne Radio Australia
in English 0500 GMT 14 Jun 96

[FBIS Transcribed Text] A threat by Washington to punish Colombia for failing to impeach its president has drawn concern from Australia's deputy prime minister, Tim Fischer. Washington has warned it may impose trade sanctions on Colombia in retaliation against the Colombian Congress for absolving President Ernesto Samper of any illegal involvement with the Cali drug cartel.

Mr. Fischer, who is currently visiting Colombia, says the Samper government should be congratulated for trying hard to advance the nation's legal economy and for making many arrests in the fight against drug cartels. He says he is concerned by trends to use trade as a political weapon such as Washington's so-called Helms-Burton law against Cuba and the D'Amato bill against Iran.

[Begin Fischer recording] I have concerns about the extraterritoriality application of Helms-Burton and for that matter D'Amato legislation with impact on Iran and some of Australia's larger companies. It certainly is strongly resented by many in Latin America that the United States is passing legislation which they would contend affects their sovereign rights and their sovereign rights to do business. [end recording]

Colombia: Samper To Urge Cooperation With All Sectors

PA1306130696 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1240 GMT 13 Jun 96

[From "Caracol's 0700 to 0900" newscast]

[FBIS Translated Text] President Ernesto Samper Pizano will address all Colombians for one hour at 2000 [0100 GMT] this evening on radio and television. This is the first time he will speak for an hour or a few minutes longer. His inaugural speech lasted 39 minutes.

The chief of state has always tried to deliver brief, concise, and direct speeches. This time he will take one hour to urge all national sectors wanting to cooperate in the country's new life to join his government.

This will be the backbone of his speech: a convoking of all national sectors to work together for a new phase in the nation's life.

Colombia: Samper Delivers Speech After Exoneration

PA1406054596 Santa Fe de Bogota Emisoras Caracol Network in Spanish 0102 GMT 14 Jun 96

[Speech by President Ernesto Samper in Santa Fe de Bogota — live relay]

[FBIS Translated Text] Colombians: Yesterday was one of the best days in recent times. There was an abundance of good news. Juan Carlos Gaviria was rescued, the America soccer team beat the Gremio team, and, of course, the Chamber of Representatives decided to exonerate me and clear me of all the charges that have been formulated against me regarding the irregular financing in the campaign that led me to the Presidency.

While the representatives deliberated, they were subjected to pressures never seen before and meddling, but the representatives, although they were threatened morally, physically, and legally, proceeded to give their public ruling with total independence, conscientiously and attending only to legal considerations.

The entire nation owes the Chamber of Representatives this recognition. The case was open and carried out in front of the country; it was wise and calm, but, above all—and as I had promised all Colombians—it was an honest case. To doubt its legitimacy or de-legalize its result would set a terrible precedent for the preservation of the state of law. Anyone could question the verdict of a judge of the Republic tomorrow, and we would end up living by the law of the jungle and with a politicized justice at the service of individual interests.

I can assure you that I am not partying or celebrating the decision, which I truly expected; much less am I

going to turn this decision into an opportunity to take revenge against anyone for anything. Before the world, I claim that this painful chapter in our history, which has been termed the trial of the century, has been closed, fortunately, without undermining the rule of the law, without violating the freedom of the press, much less causing any damage to our democratic system.

Tonight, Colombians, starting with my own children, will be able to sleep easier, because they know they have an honest president at the helm of the government and, furthermore, that the foundations of the state have been saved. My actions have been totally investigated and clarified. The alleged charges against my actions were subsequently dismissed. I knew this from the start.

When I inaugurated the sessions of the Congress of the Republic, I pledged I would face a public discussion of the facts involving the campaign that led me to the Presidency once the legal investigation of my conduct concluded. Although the Chamber, during its debate and later by issuing its ruling, pronounced itself on my political responsibility and exonerated me, I repeat, of any charge related to misconduct, I reiterate to the country that I am willing to face this debate at any time. It is clear and I admit that I have made mistakes in appointing several people, but I did so in good faith, certain as I was of the righteousness of their course. To make me directly responsible for what could have happened in the campaign is like accusing a person of complicity when it is evident this person has been its obvious victim.

The most conclusive proof of my innocence is closely linked to the evidence of my commitment to counter the drug cartels. Who but who could imagine that the same person accused of soliciting cartel funds would, once in power, act as I did, imprisoning drug kingpins and issuing the strictest measures ever seen in recent years against drug trafficking? The results obtained in this all-out war against crime have been the work of the entire government, particularly the Armed Forces and the police, whose loyalty and ability to sacrifice throughout the crisis I want to praise at this time. As commander, I feel proud of them. I confidently accept the verdict from each one of you, Colombians, regarding my responsibility after consulting your own conscience.

When I stop to think of how difficult this case has been, as president I cannot but feel sure of the strength of our institutions. Our economy, for example, has passed the test and has done very well. The crisis evidently had some effects. The climate of expectation became rarer but never to the point mentioned by certain critics of the government.

The phenomenons responsible for the economic depression transcend the effects of so-called Case 8,000. As in other countries, in Colombia we also are feeling the hangover [guayabo] of the economic opening; therefore, it is necessary to selectively reactivate the economy, to lift our guard on matters related to customs, to lower our guard even more regarding interests, to accelerate public works and the construction of social housing, and to strengthen oil investments.

As for all those reactivation proposals, my government's economic team today began conducting consultations with businessmen and professional groups. With everyone's participation, we will again inject enthusiasm and efficiency into our economic development. The central purpose of the reactivation strategy is to maintain the levels of employment growth. My government has not forgotten its social commitment with the Colombian people. To me, today, as yesterday and tomorrow, people will continue to be what really counts.

I will not hide from you the fact that a significant portion of the economic problems through which we are going may be due to the depressive effect stemming from the paralyzation of the drug cartels' activities and as a consequence of the arrests and disbanding of those groups. For many years, drug trafficking money circulated nonchalantly throughout the banking system. This money was used to boost the construction sector in many cities. The drug traffickers purchased agro-industrial businesses, ranches, hotels, soccer teams, but mainly they bought consciences. We should not be surprised that these activities are collapsing with the same force of gravity as the resources that fueled them in recent years. We must listen closely, be prepared for a costly but necessary phase of what I would refer to as our economy's ethical adjustment. Narco-bonanzas are over. Again, we must start working with the honest hoe and trowel of other times.

Fortunately, Colombia's international economic credibility remains intact. Quite significant is the fact that we placed in a matter of hours Colombian bonds for \$400 million for various infrastructure projects last week. Despite everything, there are external sectors still interested in making us appear as the world culprits in the drug issue, and, unfortunately, there are Colombians helping them; that is why we have the great challenge ahead of rebuilding that image, and we must do so with dignity and imagination, because the sad ending of this episode could not be one of subjecting ourselves to a public world scrutiny by confessing sins we have not committed in exchange for a reduction of sentences imposed on us without trial.

Despite the hard blow, very hard blow dealt by the de-certification, Colombia would like to continue considering the United States what it has always been; that is, a partner and a friend but, rather, based on the most elemental, mutual respect, a respect that was stated today by President Clinton and his government when accepting the democratic ruling by the Colombian Chamber of Representatives.

My country also wishes to continue working together with all the countries of the world on the issue of the struggle against drugs, but we also want, wish, and strive to reach agreements on other issues, including trade, investments, technical aid, tourism, and cultural exchanges. Colombia is not just drugs alone.

We appreciate the support we have received from other friendly nations. I would like to note the case of the EU, which the moment of greatest difficulty renewed its preferential tariff system that will benefit 82 percent of our exports to the Old World.

Some people thought that when a few months ago I spoke about the topic of ungovernability, I was alluding to the government's inability to handle the crisis. Governability has to do with the difficulties experienced by the president of the Republic to fight gigantic problems with inefficient, institutional weapons. I am talking about the president's ability to handle and interpret the degree of public unrest, for example, by disputing the degree of public unrest with the Constitutional Court. I am talking about the Armed Forces' ability to take action, given that it is seriously limited for legal and judicial reasons. I am talking about the courts creating laws, and I am talking about the absence of a clear regulation on political parties and the legitimate right to participate in the opposition, which, by the way, paved the road to anti-politics as a means of exercising government.

Amid this confusion, it has not been easy to preserve the new constitutional institutionality of 1991. The gray areas regarding the work of the courts and the branches of government with the de-bureaucratizing of the judicial branch have created a great uncertainty. In certain cases they have unfortunately led us to the politization of the justice system and the judicializing of politics.

In view of the absence of clear borders, each branch of government has tried to defend its territory as if we were talking about a type of archipelago of small dictatorships amid the choppy sea of democracy. We have to reach an agreement on an institutional readjustment proposal if we want to give the executive branch some maneuvering room, which it is lacking today to fight the huge and

serious problems adversely affecting it and, especially, to satisfy Colombia's social needs.

We must do it but with a patriotic sense, without altering the guaranteeing, participative, and decentralization spirit of the new Constitution but also without clinging to the unacceptable dogma of its intangibility. To achieve this, I have made the decision to submit a proposal for constitutional and legal amendments that will be submitted to the Congress soon. Starting next week, a commission will study the topics. At any rate, this is not any kind of constitutional reform but, rather, an institutional adjustment that will fundamentally make it possible to recover the full balance of powers and to ensure their total efficacy. Any reflection we may do on the topic of drug trafficking must be based on the acceptance that Colombian society was permeated for the past 15 or 20 years by drug money despite the harsh struggle against it. Out of fear or ambition, we became accustomed to coexisting with drug trafficking.

No one can be surprised, then, that the members of the drug cartels under these circumstances have sought, as they did everywhere else around the world, to obtain political power, to open economic spaces, or to ensure social recognition for their own future or that of their children. Society in the past generously opened the doors to their contributions, charity, investments, financial operations. How much hypocrisy have I seen these past few weeks from people who have pointed their finger at me, the same finger they have used before to place in their cash registers the profits they made in shameful partnerships with drug trafficking?

What we need, then, is an act of collective sincerity that begins with a reflection on the damage we have allowed the drug phenomenon to inflict on our economy, society, values, and our own sovereignty. It is also true that an additional and parallel reflection by the international community is necessary, particularly by the drug consuming nations. What has been done to fight drugs in the drug consuming countries? Even today they take upon themselves the right to teach others. Haven't they seen the log of consumption in their own eye even though they are looking at the speck of production in the neighbor's eyes?

A painful but unpostponable task lies ahead of us, that of ridding our society of drugs and its addictive effects on the activities of our everyday life. We must establish new, legal, social, and political controls on the infiltration of these monies and take drastic action on their recycling through laundering operations; this task is such an important but dangerous one that no government will be able to tackle it alone. The sincere support of everybody, of all of you becomes necessary.

Can we overcome this dark night? Do we have any hope of becoming a drug-free country? Are we doomed to violence? Is our destiny that corruption continues to invade us like a cancer? The responses depend upon our willingness to face once and for all the multiple wars on which we have embarked, the war against poverty, the war against organized crime, the war against subversion, the war against insecurity in the countryside and in the cities.

For that reason, the legislature that begins on 20 July will be truly historic. As the country knows, the government has prepared a package of bills drafted under instructions by the president, with the participation of the Justice Ministry, the National Drug Directorate, the Prosecutor General's Office, and with the technical support of the United Nations. Of this package, the main bills are the following: first, a bill that will regulate the physical and legal confiscation of the assets that finance and sustain criminal activities linked to drug trafficking, subversive groups, blackmail and abduction. This bill stipulates that:

- 1) The assets resulting from these activities will be sold or auctioned after a document indicating their current worth has been drawn up. If it is demonstrated after the respective, criminal trials are over that the assets are legal, the state will acknowledge the appraised monetary worth;
- 2) In line with the terms of Constitutional Article 34 and related norms, the state will implement the annulment of any control over those assets acquired through illegal enrichment, subversive actions, blackmail and abduction;
- 3) The said annulment also will include the yield and profits resulting from the assets;
- 4) A fund to fight organized crime and to promote education and health will be set up with the proceeds of the auctions and sales via an account managed by the National Drug Directorate.
- 5) The measures concerning assets include new regulations on money laundering that will penalize financial activities. The under pricing of goods and other money laundering practices will be harshly penalized.
- 6) The Colombian Government will publish a list of foreign companies linked to the laundering of drug related funds, be it through the sale of goods to export to Colombia, the implementation of financial banking operations, or the sale of precursor chemicals. Regardless of any criminal action that might be filed against their representatives in Colombia, the licenses of these foreign money laundering companies to operate legally in the country will be suspended, as is being

done with domestic companies. We are going to nip this problem of organized crime in the bud and will smother the sources of financing for all these criminal activities.

The second bill on our list will increase sentences for crimes falling under the category of organized crime. This bill stipulates the following:

- 1) Sentences for crimes related to drug trafficking and organized crime will be increased automatically;
- 2) Fines of up to 50,000 minimum salaries a month, that is, approximately \$7.5 million, will be established; these fines can convert to 10-year prison sentences and accumulate to receive the capital punishment;
- 3) The crime of the laundering of assets will be created independently from the crime of concealment [receptacion]; this new crime also can accumulate to receive the capital punishment;
- 4) The suspension of operations by corporations used to carry out organized criminal activities will be established as a cumulative penalty.
- 5) Special sanctions ranging from 15 to 30 years will be established for those who promote, form, or lead criminal organizations, regardless of the nature of their activities.
- 6) Along this line and in keeping with the principles of the 1988 Vienna Convention, arrangements will be made so foreign criminal sentences, as well as the precautionary measures accompanying them can be implemented in Colombia whenever they deal with assets.

The third bill will implement modifications to the criminal policies and public order system.

Other regulatory proposals of the constitutional and legal type will cover the following topics among other points:

- 1) The Prosecutor General's Office must continue to be above the judicial police and the highest level accusing body; it must separate, to ensure the efficiency of its performance, investigative duties from judgment duties;
- 2) The policy of subjecting people to the justice system will end. Certain elements of this policy such as confessions and pretrial sentencing will be preserved;
- 3) The executive branch will get back the power to make reforms of criminal laws by resorting to the powers of internal disturbances when the reform can ensure public order and the guarantee of citizen rights;
- 4) Bills on the honesty of campaigns. In the package of measures that was already submitted to Congress

in the so-called political reform, we have included norms through which the state will directly assume the financing of the campaigns. Internal consultation for the selection of candidates of parties and movements to public posts will be compulsory. We will guarantee the opposition's right to have access to the state's television and radio channels.

Tonight I invite you all to reflect. Let us be realistic. Colombia is going through one of the most critical moments of its history, and we will only be able to push it forward by means of a great collective effort. Let us be sincere. The country has been polarized, and radical positions are the worst obstacle to overcome any crisis.

I am quite aware that my responsibility is to lead the march toward the end of the horrible night and that my duty is to comprise a team with millions of you to recover and save Colombia. Let us be honest: Drug trafficking is our worst enemy, and we must eradicate it, regardless of the consequences. It is the source of corruption and violence, the origin of our misfortune, the reason why many people in the world think Colombia is a narco-democracy.

Let us not fool ourselves. Other countries will not put an end to drug addiction with the production of drugs and money laundering. We Colombians do have the obligation of getting rid of this damned scourge that is chasing us. We are not the culprits but, rather, the victims of drug trafficking. Drugs are the worst of our problems, but if we are unable to put an end to drugs, there will be no peace in Colombia. There will be no stability or success in the other struggles; that is, the struggle against poverty, corruption, and backwardness.

Fighting drug trafficking and uprooting it from Colombia is our priority; that is why this series of measures I have announced is part of an integral strategy to leave behind the nightmare we have lived. We are talking about a strategy that is certainly drastic. We are talking about a legislative war. We are going to put an end to the process in which we find ourselves, the process that has led many people to think that the law is negotiable and that the most horrendous crimes are not punished. Let us erase from the memory the idea that criminals can keep their ill-gotten assets. Let us build legal means to punish them severely.

When this case began, I promised I would heed the decision adopted by the Chamber of Representatives. If the decision favored me, I would offer Colombians a political solution to the crisis. To find the best answer was not an easy job. I talked to many people, reviewed proposals. I imagined numerous scenarios to resolve this, but finally, I consulted with my conscience. There

is talk of an institutional solution to the crisis. I agree with it. I would have never thought of a different solution. The most constitutional solution is, of course, to finish the term for which I was elected democratically. I understand that to put it this way would not be a solution but, rather, a false door to prolong the crisis, but with the same sincerity, I would say the same would happen with a resignation.

If I were convinced that my resignation from the post as head of state would solve all the problems we are experiencing and that it also would guarantee an immediate reconciliation among all Colombians, I assure you I would have tendered my resignation a long time ago, but this is not so, and many of my opponents admit it.

What could I tell the people who have had faith in my innocence and have accompanied me during the past months in many cases sacrificing their personal peace of mind and even economic stability? What could I tell them now that my innocence has been confirmed? What could I tell them? That I, who represent their half of the country, am leaving so the other half can come in to govern against them? What could I tell them? That I am leaving because my permanence could trigger external pressures? Where, in that case, would that leave our battered sense of sovereignty?

We all know that neither drug trafficking, the guerrilla groups, the economic slump, nor administrative corruption came with me, nor will they disappear when I leave; therefore, we must find a solution, as I said, without winners or losers, a solution in which we all win.

When I installed the special sessions at Congress, when my trial was starting, I presented the possibility of holding a referendum, based on the terms stipulated in Article 104 of the Constitution, to allow the people to be the ones to decide. I understand the resistance this proposal has elicited in several sectors, and because what we want is to find a solution that will get us closer together and not farther apart, the only reasonable way out remaining is for us to reach an agreement. We must reach an agreement on the reconciliation program I have proposed so we can continue working for Colombia.

I welcome those who want to join this undertaking. The people who decide against it will receive all the necessary guarantees to continue operating as opposition if they do so legally and with due respect for citizens' rights. The media cannot become an echo of any civilian rebellion, and the government will firmly comply with its constitutional obligation to defend the established order.

Colombians, this year has not been an easy one. I have been slandered, and my family's honor has been reviled during all the past months. No media sector can say its ability to inform was curbed. With yesterday's decision, I recovered the right to my privacy as a person, and I safeguarded the dignity of the president of the Republic. When other presidents in similar circumstances closed the Congress, I subjected myself to the chamber's scrutiny, renouncing the confidentiality of proceedings to allow the public to follow the course of the debates. Seventy-six speakers exhaustively examined my conduct for 114 hours. No one can say he did not have the opportunity of knowing, finding out, or following the case that ended yesterday. Thus, I now have the moral authority to demand that my honor stop being abused and have a right to legitimate defense as any citizen.

Tonight, for the wellbeing of Colombia, I propose a respite from hatred and a stop to all attacks. I extend my hand to all those who have distanced themselves. I do not see an enemy in any Colombian. To the friends who backed me in these difficult hours, thank you for your company, prayers, and advice. I thank God for keeping my faith alive amid the turbulence.

And what comes now is clear and simple: to govern, something which I have been doing since I was sworn in as president of the Republic, and I plan to keep on doing this until the last minute of the last hour of the last day I vacate this palace. Good evening.

Colombia: Cabinet Said Planning To Resign En Masse

PA1306191496 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1700 GMT 13 Jun 96

[From the "Midday Newscast"]

[FBIS Translated Text] Santa Fe de Bogota — Cabinet ministers are to resign en masse this afternoon to allow President Samper to form a national reconstruction cabinet.

This decision was masterminded by Development Minister Rodrigo Marin Bernal, who said that this was done to enable the president to decide which ministers may stay or leave the administration.

Colombia: Prosecutor Remarks on Samper's Acquittal

PA1306203496 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1700 GMT 13 Jun 96

[Report by news director Manuel Salazar Nieto in Caracas; from "The Midday Newscast"]

[FBIS Translated Text] [Salazar] Prosecutor General Alfonso Valdivieso Sarmiento has just made statements

on the decision the Chamber of Representatives made in the last few hours to close the investigations into President Ernesto Samper Pizano. Valdivieso said that this decision has not closed any cycle, that it has been just another episode in the so-called Case 8000, that the investigations will continue, and that he will not assess the Chamber's decision.

[Begin Valdivieso recording] This is a decision made by Congress, which is the institution that investigated the president. The Prosecutor General's Office did not participate in this decision; it simply filed charges [words indistinct] this decision pertains to this case. [end recording]

[Salazar] Valdivieso's statements were made within the framework of a panel being held here in Caracas as part of the international forum "Democracy Against Corruption," which the Venezuelan Comptroller General's Office organized. The panel is geared toward 25 countries, and the Colombian prosecutor general is currently making his presentation.

[Announcer Judith Sarmiento] The Prosecutor General's Office today defended the seriousness and soundness of the investigation into the evidence and charges against the president it filed at the Chamber of Representatives. The Prosecutor General's Office also said that it did not intervene in the Chamber's case, because it was not its duty. In addition, it stressed that other cases under way will continue to run their courses and that decisions pertaining to these cases will be made.

Prosecutor General Valdivieso is in Caracas, and this afternoon we will have the opportunity to listen to the statements he will make at a news conference, following his participation in a teleconference on corruption being held in Caracas.

[Salazar] Good afternoon, Julio and Judith. You are right; Prosecutor General Valdivieso has made his first statements on the decision the Chamber made in the last few hours to close the investigations on President Samper. He categorically pointed out that no more offices will investigate the chief of state. He said this as he answered a question (Diego Asencio), former U.S. ambassador to Colombia, made from Washington. You may remember him because of the taking over of the Dominican Embassy. This is what he asked, and this is what the Colombian prosecutor general answered:

[Begin recording] [(Asencio)] [Words indistinct] one of the things I would like to listen to from Prosecutor General Valdivieso, since we are discussing the [word indistinct] system. How come our instruments [words indistinct] this situation of corruption and drug trafficking? Now that Congress, the Colombian legislature, has

made this exoneration, I imagine that the case will then continue in the courts. How are the courts going to face another branch, the executive branch? How can the president of the Republic face a situation like this one without going through Congress?

[Valdivieso] This issue is related to the balance of power, given the manner in which the consequences are emerging without [words indistinct] the president regarding the magistrates of higher courts and even the prosecutor general. It is stipulated that if Congress [words indistinct] the corresponding investigations and will proceed to file the accusations [words indistinct] to prescribe or close the investigation, as it was decided in the president's case. This would [words indistinct] the Congress' decision for the courts to start investigating. This is undoubtedly the fact, and this is the decision [words indistinct] the established procedures. [end recording]

[Salazar] This was Valdivieso's answer. He affirmed that there is no alternative but to accept this procedure the Colombian Constitution indicates regarding the situation... [pauses] the charges he filed against the chief of state. He described these charges as sound.

Colombia: Valdivieso Views Decision, To Continue Work

PA1406043296 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 13 Jun 96

[Report by Luis Alfredo Gomez; from "The Latest News" newscast]

[FBIS Translated Text] Colombian Prosecutor General Alfonso Valdivieso spoke to journalists in Caracas at noon today and told them he never thought about leaving his post; on the contrary, he will continue working as prosecutor general of Colombia despite the decision by the Chamber of Representatives to close the investigation against President Ernesto Samper Pizano.

We have a report from Caracas with Luis Alfredo Gomez, Radio Cadena Nacional correspondent in that city.

[Gomez] Alfonso Valdivieso, who is in Caracas at the invitation by the Comptroller General's Office to participate in a series of conferences called "Democracy Against Corruption," held a news conference in this city where he was asked about the decision by the Colombian Chamber of Representatives to exonerate President Ernesto Samper of the charges filed against him by the Prosecutor General's Office. Valdivieso answered repeatedly that he would not qualify the decision adopted by the Chamber of Representatives as good or bad. Valdivieso said the decision by the Colombian Congress

should not be the object of suspicion, let alone by the Prosecutor General's Office.

Let us listen to excerpts of that news conference Valdivieso held in Caracas this afternoon:

[Begin Valdivieso recording] I believe the power of drug trafficking as been and continues to be very big in Colombia. I believe it has, of course, adversely affected many sectors in power, even the highest-level branches of government, the legislature, the judicial and executive branches. I also believe the decision should not be the object of suspicion, at least not by me. I carry out certain duties and have said the power to investigate the president is up to Congress, and that is the way it was done. I also have said it is not my responsibility and is not my duty to qualify this decision.

I cannot say the decision was good or bad, because it undoubtedly would mean I am interfering or taking sides in a decision that was not the object of a judicial investigative action by the Prosecutor General's Office. The fact that I do not share this opinion is a possibility. I would be inclined to say there has not been a total agreement, but this usually happens in processes that are so complex where the fulfillment of judicial functions involves political ingredients that have an influence in the decision, but this should not discourage a society that sees with great optimism that the action against drug trafficking is (feasible), that the reaction of society is not theoretical, and that drug trafficking is seen as a threat to Colombia today. That is the important thing.

A short time ago, drug trafficking appeared to be able to carry out its evil proposals to impose itself on Colombian society; that is truly impossible today, an achievement and a victory of the Colombian people. Despite all the accusations, discrepancies, and various opinions that may have existed, Colombia has made substantial progress in the fight against drug trafficking, and we are able, as the country's prosecutor general, to tell Colombia and the Latin American countries that the Prosecutor General's Office will continue carrying out the work it has initiated to break the connections of the drug traffickers with public activities and with society, in this case, Colombian society. There should be no doubt about it.

Congress' decision in no way adversely affects the investigations conducted by the Prosecutor General's Office. I repeat: It is an episode within a process that has a wider field of action and scenarios that are far above the ones that were experienced at the Chamber of Representatives. [end recording]

Valdivieso also said he will not resign from his post and denied having said his permanence at the Prosecutor

General's Office was linked to the decision adopted by the Chamber of Representatives.

Colombia: Interior Minister Views Samper's Exoneration

PA1306160596 Santa Fe de Bogota Radio Cadena Nacional in Spanish 0538 GMT 13 Jun 96

[Interview with Interior Minister Horacio Serpa Uribe by unidentified reporters at Narino Palace "prior to the Chamber of Representatives' vote" on 12 June — recorded]

[FBIS Translated Text] [Serpa] If the president's departure were the solution to the structural crisis Colombia is experiencing, Ernesto Samper, as the clearly patriotic man he is, would have left a long time ago. What we need now is for the president to continue to rule. What I want to tell those Colombians who have taken an aggressive attitude against the government of President Samper and him is to disregard extreme positions, to reconcile, to take attitudes of tolerance not regarding the fulfillment of our duties, but what corresponds to the good sense of leaving room for all of us to peacefully live in our fatherland in order for us to be able to arrange [acondectar] many things, overcome difficulties, and find solutions. We must take advantage of this as a great opportunity to find many solutions to our...

[Reporter, interrupting] How does this decision affect Vice President Humberto de la Calle?

[Serpa] It does not affect him at all; he is the vice president. In significant statements EL TIEMPO published on 9 June, he pointed out that he would be quite pleased if the decision were made under the terms the Chamber of Representatives used to make its decision. [sentence as heard] So I believe that he must be as pleased as we are.

[Reporter] Minister, what about the popular consultation?

[Serpa] Let us hope that the president, who is the top handler of these issues, will fulfill his responsibility by addressing the country to tell it what must be done in the nation from now on.

[Reporter] How can the fact that several congressmen who actively supported the president during his presidential campaign are now his enemies at the Chamber of Representatives and attack him a great deal be explained?

[Serpa] I want a great deal of reconciliation; I do not want to dwell on the past, let alone set my sight on hatred, retaliation [words indistinct] we want to take

advantage of this experience [words indistinct] to favor Colombia's interests.

[Reporter] Have you talked to the president [words indistinct].

[Serpa] No, I have not talked to him. I am going to meet with him now and voice my satisfaction and happiness.

[Reporter] Minister, in short, what was the campaign: an elephant or a rabbit [as heard]?

[Serpa] Starting with the president of the Republic, many people involved in the campaign behaved very clearly, honestly, patriotically, and honorably. This is what the Chamber a few minutes ago determined. [sentence as heard]

[Reporter] However, the United States fears... [pauses] Colombia now fears the economic sanctions and restrictions that could be implemented on Colombia due to this decision.

[Serpa] Why do we always expect the worst? Let us look into the future with optimism, and let us think that, first, Colombia deserves no sanctions whatsoever and, second, that we all will be able to overcome the many difficulties assailing us.

[Reporter] Does this mean that President Samper thumbed his nose [hacer mamolas] at his enemies?

[Serpa] [Laughs] No, no, no. President Samper... [pauses] the thing is that I have not talked to him. However, knowing the way he is, he must certainly be pleased, but...

[Reporter, interrupting] [Words indistinct]

[Serpa, interrupting] ...malevolence, without wanting to dislike anyone or charge anyone with anything. One of Samper's significant qualities is his great soul, his human condition. This is a characteristic that many Colombians have started seeing in President Samper. This is why the Colombian people's support and admiration for their president keeps growing.

[Reporter] What are you going to propose to the president of the Republic to unite the Colombian people? There are still divisions; certain sectors will stage demonstrations because the president was exonerated, because Congress just exonerated the president. [sentence as heard]

[Serpa] Well, we have to seek a great deal of consensus, because this does not mean that there should be unanimity. Look, disagreements are characteristic of democracy. The important thing is to have clear rules and hold talks to overcome these contradictions and these disagreements. However, insisting that the president must leave or ignore the Chamber's ruling is not wise — I

am saying this with respect and calmness. This is not what being, let us say, civilized, patriotic, let alone legal, is. In other words, there could be opposition to this government as it offers guarantees to its opponents. It is not necessary for everybody to agree with the government, but it is necessary for all of us to agree on major national goals to overcome the difficulties assailing us.

[Reporter] However, what has happened is a lesson for the country, and this is why the government has presented a political reform project on political parties' financing. What will happen with all these initiatives, with these legislative offensives? Is Congress going to continue discussing them? Is the president going to support them? What is going to be done regarding these matters?

[Serpa] We have to continue with these works, these reforms, these political proposals. Let us wait until the president speaks, and you will see how good this is going to be.

Colombia: Development Minister on 'Certainty' of Stability

PA1306203296 Santa Fe de Bogota Emisoras Caracol
Network in Spanish 1700 GMT 13 Jun 96

[Report by Orlando Cano Vallejos; from "The Midday Newscast"]

[FBIS Translated Text] [Cano] Following the ruling on President Ernesto Samper by the plenary of the Chamber of Representatives, one certainty of the government is that political stability will be a reality, another is the desire to make investments. Development Minister Rodrigo Marin Bernal, who is participating in the Social Pact Central Commission, said:

[Begin recording] [Marin] The capacity of response the government has for its own commitments, those made within the framework of this significant consensus exercise, which is immune to strictly political events. [sentence as heard]

[Unidentified reporter] According to the ANDI [National Association of Industrialists], the economy will continue to be weak.

[Marin] Well, in an analysis we made on 11 June with the top leaders of the National Business Council — a large number of the members of the economic team, headed by the finance minister, participated in this analysis — we scrutinized the economic situation. The finance minister, without facing the possibility of being contradicted, maintained that the economy will grow by 4 percent this year, which is a growth rate far above Latin America's average. [end recording]

Colombia: Senators React to Samper's Exoneration
PA1306171496 Santa Fe de Bogota Radio Cadena Nacional in Spanish 0530 GMT 13 Jun 96

[Live report by Luis Eduardo Maldonado at Narino Palace in Santa Fe de Bogota]

[FBIS Summary] Maldonado reports that Congress President Senator Julio Cesar Guerra Tulena, who is now leaving the palace, accompanied President Samper during the final moments of the voting at the Chamber of Representatives to decide on the case against President Samper.

Maldonado reports that Senator Guerra has said that "the president is happy with the result of the voting" and that, according to Samper, "Colombia's democracy won more" than the president.

Maldonado then joins other journalists interviewing Senator Guerra live. Guerra answers a question by Maldonado noting that "the process ended the way it had to end: exonerating the president, declaring him innocent." He adds: "This is what we Colombians must accept. Those who may not like the ruling because in their opinion the laws are bad must struggle publicly and persuade the people to change the laws that in their opinion are bad and that have exonerated the president."

Guerra notes he is sure the president will make every effort to build reconciliation with those who do not agree with the ruling to produce "the unity of the Colombian people."

Regarding citizens' concern about the U.S. reaction to the ruling, Guerra reveals: "Yesterday, I had the opportunity to send to U.S. Secretary of State Warren Christopher and to U.S. House of Representatives Speaker Gingrich notice that while it is true we may appreciate the interest the United States may have in how our problems evolve, it is also true that I reject undue meddling in our sovereignty and in the way we resolve our problems."

Regarding his meeting with the president, Guerra says the president was very calm, "which led me to believe he is sure of his innocence." "I am going to sleep well tonight," was Samper's first response after knowing the ruling, according to Senator Guerra.

At the studio, the anchorman continues live reportage, commenting that while dozens of congressmen have admitted that Samper's exoneration has left a bitter taste in their mouths, others celebrated "the triumph of the truth."

He asks Senator Luis Emilio Sierra Grajales, president of the Senate's Foreign Policy Committee, for his reaction. Senator Sierra says, "I think the Chamber of

Representatives' decision tastes much like a breach of trust." He states: "This going beyond one's functions, beyond one's authority, is a breach of trust." Sierra explains that the Chamber of Representatives "only had the authority to accuse or not to accuse the president, but this filing away of the president's process represents, I believe, the taking on of attributions that the Chamber does not have and that leaves, I repeat, not only a bitter taste, but the taste of breach of trust."

Sierra comments on how legal action could be initiated by any person wanting to accuse the chamber of breach of trust, "but this is secondary," he says. "The important issue," he notes, "is that no crime can go without being investigated, regardless of how important the accused person is and sooner or later the investigation will have to be where it must be: at the Supreme Court of Justice."

He cautions: "What we are portraying to national and international public opinion is very grave. A justice system cannot fail to investigate a crime, have an accusation, and produce a guilty or not-guilty verdict, as the case might be."

Regarding eventual U.S. economic penalties on the country, Sierra says: "I want to believe this will not occur. I wish the best for the country and its economy. I do not want to think about economic retaliation or the elimination of customs preferences, which is what the media and some experts have hinted."

Regarding actions President Samper could adopt to produce a reconciliation and find a way out of the country's social and economic problems, Sierra says: The president "has hinted that he will form a cabinet made up of many political trends to try to recover the governability he has lost in sectors that supposedly are in opposition. I do not know what the reaction of these sectors will be, or if they will accept or not the call from the president to form part of the national conciliation cabinet, as he is calling it."

"I believe," Senator Sierra states, "that independently of all assessments, it is the president who has to examine the country's governability, see if the people have accepted or not the ruling, and see if the economy is functioning and if international actions are adopted and hurt the economy to such a level that his remaining in his post becomes difficult."

"These are circumstances we will have to analyze as the situation develops," Sierra states. He concludes by clarifying: "So far this is just conjecture."

Colombia: Industrialists Said Trying To Overthrow Samper

PA1306231396 Santa Fe de Bogota EL TIEMPO
in Spanish 9 Jun 96

[Editorial by d'Artagnan from the "Opinion" column:
"Return of the Black Hand?" — received via Internet]

[FBIS Translated Text] Most of the time, although not always, people tend to forgive when they have been thrashed or insulted, but they certainly do not forget easily.

Thirty-five years ago, several members of an Andi [National Association of Industrialists] committee headed at the time by Hernan Echavarria Olozaga and other industrialists organized a blockade, by using their economic clout, intended to suppress several, independent publications in circulation at the time: "LA CALLE," headed by Alfonso Lopez Michelsen and actively supported at the time by, among others, Colombian journalist Jose Pont Castro, who lives in Spain today, and "SEMANA," headed by Alberto Zalamea. Afterward, Zalamea went on to manage "LA NUEVA PRENSA" when "SEMANA" was taken over by Echavarria Olozaga due to financial constraints.

These publications were as independent as they were progressive and ideologically tormented the peace of mind of several businessmen, including Echavarria himself as well as several others. In light of the well-known phrase coined by the head of the MRL [Liberal Reintegration Movement] that "passengers of the revolution, please hop on board," the Andi people decided to summon "LA CALLE" to announce: "We agree with your intention to stage a revolution, but you will have to do it with your money, not ours." Not one single advertisement appeared in "LA CALLE" as of that date. As a result, the advocates of the blockade not only undermined the continuation of the weekly magazine but also ensured, among other sanctions, that most public sites would be unavailable to public addresses by Lopez Michelsen.

It was a widespread rumor during those days that behind all the "civil resistance" there was a group of well-known individuals who cloaked their identities by using the name the "black hand." Who concocted the name? According to Hernan Echavarria, the person responsible was businessman Julio Mario Santo Domingo. This allegation earned Echavarria a slander lawsuit from Santo Domingo that forced Echavarria, who by this time had already gained control of "SEMANA," to once and for all take back his deceitful accusation.

It is worth reliving this historical anecdote, because, with all due respect to an illustrious compatriot as

Hernan Echavarria, what he and the people following him are attempting to do today is the same thing, just the other way around. In their own way, what they are attempting to do, once again, is to impose practices and strategies once used by the previously oppressive "black hand" group in its quest to topple a legitimate government by whatever means and cost it may take. In addition, to this end Echavarria has not hesitated to funnel funds into this issue in an attempt to consolidate a "civil resistance," as he defines it, that will lead to a business strike and place the government in checkmate without regard for constitutional norms, the main principles of which advocate peaceful solution to the conflict.

Samper is a scoundrel! Hernan has been saying everywhere and wherever he goes. Personally, I am a bit bewildered by such an attitude of hatred from someone who decided at the height of his 85th birthday to head a movement with a clear, aristocratic, and classicist feature, in addition to being extremely dangerous and certainly not being underestimated.

The Samper detractors complain that the president is resorting to a dialectic of pitting the wealthy against the less privileged based on the argument of divide to conquer. The issue is that it is not just a sophism or much less a strategy but, rather, a crude reality. What we are witnessing here is a deplorable spectacle of a privileged sector attempting to overthrow the head of state by using all the funds at its disposal, against another sector, one that is more populist and lacking economic resources but nonetheless prepared to defend Samper against all odds.

Such a radicalization of positions can be highly dangerous. It is even possible there might no longer be anyone who can curtail or prevent such serious extremes of social polarization, but it is not on account of the government or Samper.

Worse of all is that times have changed. Colombia is no longer the same country today that had to go submissively through the violence of the 1950's. Nor is it the same country the industrialists were able to humble during the 1960's with the same publications they were able to silence. No. Colombia is very different today. It is something else. Because of this, if what everyone is really after is a solution to this crisis, independent of its legal solution, it will have to be one without conquerors or losers, or there will be no solutions. If the Chamber of Representatives decides to acquit him, there will be a need for acquiescence from the president of the Republic, because he is part of the political crisis and not simply someone else.

It is possible that there might be some who are really annoyed. It may well be that the plotters may be more worked up than ever. It may even be that the United States' disrespectful interference will not only be effective but destabilizing in the end. All of this may well be true. Nonetheless, what no one should deceive themselves about, including, of course, Dr. Echavarria and even the much admired, although no less mad, "Kerensky," is that Samper is no coward. He still leads a major portion of the population that will not allow his ouster from the presidential palace, as his contemptuous enemies seek with ever growing animosity.

Colombia: Samper Announces Creation of Antikidnapping Plan

PA1306135996 Santa Fe de Bogota EL
ESPECTADOR in Spanish 8 Jun 96 p A10

[FBIS Translated Excerpt] Santa Fe de Bogota — President Ernesto Samper Pizano has announced the creation of the Presidential Program for the Defense of Personal Liberty. This plan includes the establishment of the National Council for the Fight Against Kidnapping, which will be under the supervision of Antikidnapping Czar Alberto Villamizar.

The said council will include the Army, the National Police, the DAS (Administrative Department of Security), the Attorney General's Office, and the Prosecutor General's Office. The president pointed out that "this organization will be an operational and investigative front and will comprise 24 Unified Action Groups to Rescue Kidnap Victims (Gaula). In addition, this organization will be tasked with investigating the crimes and bringing their masterminds and perpetrators to justice."

President Samper said that "the fight against these crimes and all the crimes against personal liberty should not only become a state mission, but a mission for all Colombians."

Defense Minister Juan Carlos Esguerra, Justice Minister Carlos Medellin, as well as Jose Antonio Vargas Lleras and Juan Meza, general secretary and private secretary of the Presidency, respectively, attended the ceremony to present the program. [passage omitted]

Villamizar explained that the measures adopted by the government against the crime of kidnapping are related to the same internal disturbance decree, which had been declared invalid by the Constitutional Court.

He stressed that this is the same law we have been working on for several months. However, the most important aspect is that now, the program will be a permanent one, which will enable us to set up a national antikidnapping policy and draft permanent legislation.

Colombia: Cuban Envoy Explains Mediation in Kidnapping

PA1306191196 Santa Fe de Bogota Emisoras Caracol
Network in Spanish 1700 GMT 13 Jun 96

[From the "Midday Newscast"]

[FBIS Translated Text] Attention, Santa Fe de Bogota: The Cuban Government clarified today that in response to a specific request by relatives of Architect Juan Carlos Gaviria Trujillo, it intervened in the resolution of a delicate affair.

The Cuban Government envoys attempted to guarantee Gaviria Trujillo's personal safety and for the entire affair to be resolved with dignity, Cuban Ambassador Jesus Martinez explained this morning.

He warned that President Fidel Castro's government maintains a clear position of not interfering in Colombia's internal affairs. He said that he supported Gaviria Trujillo's release in response to repeated requests by relatives, who had the approval of the Colombian Government.

The Cuban envoys had the approval of the government to mediate, and the Colombian Government is headed by President Ernesto Samper Pizano, Ambassador Martinez explained. He disclosed that 12 people traveled to Havana, including two Cuban envoys, eight Movement for the Dignity of Colombia members, and two children.

He did not specify in what activities the kidnapers will be involved in Cuba, but said that his government is willing to provide Colombian authorities with whatever information it desires, due to the excellent relations between the two countries.

Ecuador

Ecuador: Arms Committee To Meet in Lima in Mid-Jul

PY1406032396 Quito Voz de Los Andes in Spanish
2300 GMT 13 Jun 96

[FBIS Translated Text] General Telmo Sandoval has said that the Ecuadoran-Peruvian Arms Committee will meet in Lima in mid-July to discuss openness in military acquisitions and methods to decrease bilateral tension.

Gen. Sandoval said that to prepare for this meeting, we are studying issues pertaining to open arms acquisition, the bill the Ecuadoran-Peruvian committee is drafting on ways to decrease tension, and bilateral mechanisms to overcome issues of concern.

According to Sandoval, Ecuadoran military representatives will arrive in Lima on 14 July to prepare for the

meeting. The Arms Committee intends to establish a mechanism to guarantee open arms acquisition transactions between the two countries.

Ecuador: Amazon Division Commander Says Border Calm

PY1406032096 Quito Voz de Los Andes in Spanish
2300 GMT 13 Jun 96

[FBIS Translated Text] General Carlos Calle, commander of the Fourth Amazon Jungle Division, has stated that everything is absolutely calm on the border. He added, however, that there is mistrust among the parties in view of charges that Peru has not fully demobilized its troops.

Calle said that military units stationed in the Amazon region are fulfilling their peace time missions and added that there is no tension. He did acknowledge, however, that there are disagreements at other levels.

Calle said: There is mistrust among the troops because of the Ecuadorian charge that Peru has not completed the demobilization of its troops on the border.

Calle said: What Peru and Ecuador need is to experience an atmosphere of mutual confidence. In view of this, he acknowledged that the Ecuador-Peru Military Observers Mission and diplomatic channels must establish what issues are promoting mistrust in order to overcome them so that the peace process will proceed in compliance with the aspirations not only of the military, but of all Peruvians and Ecuadorians.

Ecuador: Latest Count Shows Nebot Leading by 20,000 Votes

PY1306192096 Quito Voz de Los Andes in Spanish
1700 GMT 13 Jun 96

[FBIS Translated Text] The provisional tabulation of the votes cast at 22,300 of the 22,600 polling stations nationwide during the presidential elections in May show Jaime Nebot, who ran for the presidency on the Social Christian Party ticket, has polled the largest number of votes. Abdala Bucaram, the presidential candidate of the Ecuadorian Roldosist Party, is the runner-up. The results released today show there is a difference of about 20,000 votes between the two candidates who face a run-off on 7 July. This was announced by Miguel Sangurima, adviser to the Supreme Electoral Tribunal [TSE]. The vote tally has been completed in 20 of the 21 provinces of the country. Now just 5 percent of the votes remain to be tallied at Guayas Province, which is the most heavily populated province in Ecuador. Nebot received 1,800,000 votes, that is 26.83 percent; while Bucaram polled 982,000 votes, some 26.20 percent. The information released by the TSE shows Freddy Ehlers, who

stood for the New Country movement which groups together several social and indigenous organizations, received 19.24 percent, some 720,000 votes. Popular Democracy Party candidate Rodrigo Paz polled about 500,000 votes, some 13.6 percent.

The data disclosed by the TSE shows the results of the coastal Guayas Province, with a population of 1,700,000 — of the 6.5 million voters nationwide — was decisive for Nebot's victory. Either Bucaram or Ehlers won in the remaining 20 provinces. The TSE will release the final results of the 19 May election next Friday [not further specified] and will then devote all its efforts to prepare the run-off election.

Ecuador: Indigenous Group To Support Bucaram for President

PY1306154896 Madrid EFE in Spanish
0007 GMT 11 Jun 96

[FBIS Translated Text] Quito, 10 Jun (EFE) — One part of the indigenous people of Ecuador, in representation of the Pachakutic Movement that participated in the 19 May general elections, decided today to support the presidential candidacy of populist Abdala Bucaram.

"We just signed a memorandum of understanding in representation of the Pachakutic Movement," Valerio Grefa told EFE, adding that his group represents the Amazon region and several indigenous provinces of the country's Andean region.

The Pachakutic Movement is part of the New Country Movement, which supported presidential candidate Freddy Ehlers, which came out third in the recent general elections, and which decided not to support either of the two presidential candidates for the 7 July runoff elections.

Grefa pointed out, however, that the decision made by the Pachakutic Movement does not represent a rupture with the country's indigenous movement which is part of the Confederation of Indigenous Communities of Ecuador (Conaie).

He added: "The country was left without options, with two candidates who do not reflect the aspirations of the poor. We cannot allow, however, that any of the candidates do what they please with the country. That would be irresponsible, therefore we will express our opinion in the next administration to insure that it will have a direction."

He added: "We presented a program, a summary of our government plan." The movement reached an agreement on specific issues with Bucaram such as the indigenous

participation in the permanent congressional committees, and some projects such as the pavement of access roads to the Amazon region.

Populist Abdala Bucaram will be in the 7 July runoff elections with Social Christian Jaime Nebot.

Ecuador: Ex-Presidents Analyze Election Results

96SM0327A Quito *EL COMERCIO* in Spanish
23 May 96

[Unattributed interview with former presidents Rodrigo Borja and Osvaldo Hurtado; place and date not given — received via Internet]

[FBIS Translated Text]

Rodrigo Borja Cevallos: ID Might Join With DP in Congress

[EL COMERCIO] Former presidential candidate Rodrigo Paz has accused you of not being a good former president. Did you fail in this role?

[Borja] What this means is that he wanted me to play the role of a former president who supported his candidacy. If I had done that, he would have said I was the best former president in the world.

[EL COMERCIO] It is all exclusively any electoral matter, then?

[Borja] He is trying to place the blame for his incapacity on everyone else. He has therefore reproached his own party and Mayor Mahuad, and naturally, he is pointing to me as responsible for his disaster. I am not to blame for the fact that he was a very bad candidate, that he lacked popular support, that he was the only citizen of Ecuador who supported the validity of the Rio de Janeiro Protocol, that he absolved Dahik in the Congress, that his actions seem so much like those of Sixto Duran Ballen, whose economic policy he has praised. Nor am I to blame for the fact that he fought with Mahuad and Dotti, who would have given him some votes. Nor for the fact that he sponsored one of the most revolting and filthy campaigns in our entire electoral history. If Rodrigo Paz had been an efficient candidate, if he had seized the central space, the Freddy Ehlers candidacy would probably never have happened.

[EL COMERCIO] But according to what Rodrigo Paz said in an interview last June or July, you rejected the possibility of support for a DP [Popular Democracy Party] candidate.

[Borja] Let us look at a little history. At the end of 1991, when I was serving as president of the Republic, he came to see me about some municipal issues. As we talked about this subject, he asked me how I saw the

electoral picture. I told him that in my view, a candidate with a good-natured profile like himself or like Duran Ballen would have good chance for the simple reason that the people were tired of the aggressive verbal battles of that time. This was all I said in response. Now Rodrigo Paz, twisting my words and my intent, is saying that I offered him a candidacy. I could not offer him anything other than my opinion. The months and years passed, and he came to see me in the company of Abelardo Pachano, a man whom I greatly respect. When he asked me what I thought of his candidacy, I told him it would be a disaster. I told him, in friendly candor, that this was not his moment. That had already passed.

[EL COMERCIO] But based on what happened in the elections, it seems that it is the enmity between Rodrigo Borja and Osvaldo Hurtado that is preventing the consolidation of unity in the center sector.

[Borja] That is another fallacy. No such enmity exists.

[EL COMERCIO] But you do not agree politically.

[Borja] Let us say that we do not have much sympathy for each other.

[EL COMERCIO] And is it this lack of sympathy that prevents you from being able to put together a political proposal?

[Borja] This lack of sympathy in the past probably meant that the DP would never support me as a candidate. In 1984 and 1988, they nominated their own candidates. For me, it was a question of a legitimate aspiration. The difference, in terms of what happened in the end, is that as time passed, I did not become angry, nor did I begin to curse or to wage a filthy campaign. Nor did I blame them for dividing the center-left. We did not inflict any wounds that could not be healed. As a result, when they lost, they supported my candidacies on the second rounds. I hoped for this in 1996, but it was impossible. Moreover, there is a heavy dose of hypocrisy here. Because while it is being said that the center-left split on the first round, this has always happened.

The difference is that on those occasions, we were able to come together again on the second round in support of the candidate who had the best chance. This is what we should have done this time.

[EL COMERCIO] After the completion of the first round, Ehlers and Paz spoke of the restructuring of the center sector. Do you believe that this is viable, or will the first rounds continue to serve as a kind of primary for the center sector?

[Borja] The center-left is a widely diversified sector. There is nothing resembling a unified whole. Each party, group, and movement has its own choices, which is logical. What is illogical is a line of conduct that makes it impossible to come together on the second round in order to face up to the unified right wing.

[EL COMERCIO] Is there no possibility of unification in the middle time range?

[Borja] I think there is. I think that the self-preservation instinct should lead us to unify in the Congress.

[EL COMERCIO] Will you join with Pachakutik in the Congress?

[Borja] What seems important to me is to join with the ID [Democratic Left] and with other progressive forces.

[EL COMERCIO] With the DP, for example?

[Borja] I would not exclude the DP, if its leaders cease to describe the deputies outside their ranks, which they chose themselves, as "rubbish collectors."

[EL COMERCIO] There has been a great deal of talk about Rodrigo Borja's vanity. They say that you maneuver politically as a function of your personal interests. And even that you do not recognize any merit in other politicians.

[Borja] If this were true, I would have been the presidential candidate.

[EL COMERCIO] In this connection, they attribute to you the intent to burn Ehlers in this election, so that you can run in the year 2000, and thus take advantage of the law of the pendulum in the event that Nebot wins.

[Borja] Why wait until 2000, if this could be done today? The way is clear, since the president has not been able to achieve anything good, either in the small, or the intermediate, or the large issues.

[EL COMERCIO] To what politicians do you give good marks?

[Borja] To Dr. Hurtado himself, Julio Cesar Trujillo, and, naturally, the leaders of my party—Raul Baca, Andres Vallejo, and Marco Landazuri.

[EL COMERCIO] What about Cesar Verduga?

[Borja] I have always regarded him as an intelligent and well-educated man.

[EL COMERCIO] The ID representation in the Congress continues to decline. In fact, the last group was rather weak. What lesson do you derive from this?

[Borja] I do not believe that this (the next group) will be a fragile bloc, but rather a very cohesive one. One which can, by joining together with other center-leftist

blocs, create a respectable parliamentary force. I think this is the path to follow...

It is not the same thing, moreover, when a party to launch its own candidate and when it supports another candidate. A party candidate constitutes a focus that absorbs strength and, of course, derives benefit from the party slate and other candidates.

[EL COMERCIO] But in practice, the ID has been one of the few traditional parties that has lost seats in the Congress instead of winning more.

[Borja] Fluctuation is normal for political parties. It must be admitted that we are at the low point in our fluctuations. From this position, we can rise. This is a normal process in the life of a party. When Jaime Roldos was elected, the PSC [Social Christian Party] itself had only two legislators.

[EL COMERCIO] For whom will you vote?

[Borja] I do not know yet. I am waiting for the decision the ID will make.

[EL COMERCIO] What if the ID decides to vote for Bucaram?

[Borja] We will await the decision, and then I will discuss this issue.

[EL COMERCIO] Have you made no decision personally?

[Borja] I could never vote for the right wing.

[EL COMERCIO] You have reentered politics. Will you resume leadership of your party?

[Borja] No, not yet. I have put politics aside, because I took on a task that has proved very demanding. I have completed the seventh volume of the political dictionary. I am making the final corrections. I am hoping that in the next 30 or 40 days, I can send the manuscript to the publishers in Mexico. Then I shall see what I will do, whether or not I will return to politics.

[EL COMERCIO] One of the nation's serious problems is governability. Are you proposing an alternative so as to oppose the government without automatically hindering it?

[Borja] Governability has causes that go deeper than the differences among the parties or the debates in the media. The deeper causes of the governability problem lie in poverty, in social exclusion, and in the corruption of the government leaders.

[EL COMERCIO] But if we define governability solely in terms of the relationship between the executive and

legislative branches, how do you plan to contribute to improving this relationship?

[Borja] It has always been possible to reach a consensus and agreement, and these problems, which are superficial, have been overcome.

[EL COMERCIO] On what points do you agree with the candidates in the second round?

[Borja] The programs are important, but if there is a lack of political will and honesty behind them, they will never be more than words on paper. Sometimes the programs are among the many elements suggested to plastic candidates by the political marketing experts—those individuals who tell them how to comb their hair, how to walk, how to smile, and how to answer the 30 or 40 principal questions they will be asked.

Oswaldo Hurtado Larrea: The Mistake Was the Failure To Confront Nebot

[EL COMERCIO] In evaluating the first round, former candidate Rodrigo Paz has raised a series of questions about your actions. Do you take them as criticisms?

[Hurtado] I must make two historic corrections. Rodrigo Paz never suggested that I make a statement in favor of a possible presidential candidacy for Dr. Rodrigo Borja. I made this statement on my own initiative, without consulting anyone, thinking that it might contribute to unity in the center-leftist sector. And I added that I was prepared to join with my party in proposing this candidacy. Rodrigo Paz then endorsed my position.

Secondly, when the National Front was established to support Rodrigo Paz as a candidate, I told him that if his presidential campaign was successful, we might find ourselves on the threshold of the development of a great political force. He made this proposal of mine his own. Since that was the case, I do not differ with him on this issue. And we spoke about this yesterday (Monday) during a meeting we held to plan for the future. And we scheduled a meeting for next week to establish the position of the Popular Democracy Party, the former members of the Democratic Left, and the socialists with regard to the second round. Given this background, the threat of withdrawal made by Rodrigo Paz is not relevant.

[EL COMERCIO] Would the new party be headed by Rodrigo Paz, in view of the support he has received?

[Hurtado] Without a doubt this should be the base. But with the understanding that this base is a force that has a party that already exists—the DP, plus the two groups to which I referred and as many other citizens as may choose to join. At the meeting I proposed that Pedro

Saad draft a plan to achieve this goal, and the proposal was approved.

[EL COMERCIO] In view of the circumstances, will this meeting be canceled, or will it be held with Paz being excluded?

[Hurtado] It is going to be held, and no one will be excluded, because what is involved is a resolution adopted by the Political Committee. Why would we exclude Rodrigo Paz? He has been the leader of this campaign.

[EL COMERCIO] The statement assigning responsibility says that you did not support the candidacy of Rodrigo Paz, that you did not commit yourself to it.

[Hurtado] I am amazed by this statement. Rodrigo Paz, his political circle, the leadership of the campaign, the Political Committee, and above all, the country—everyone knew about all I did and said in his favor. And not only that, but out of concern that the campaign lacked a strategic direction and that the resolutions of the Committee were not being implemented, I offered to direct the campaign, a position that I felt forced to abandon just a few days later. This was not because of differences in style or personality, but because the strategy being pursued, particularly with regard to the conflict with the mayor of Quito, seemed suicidal to me, since it affected the work in Pichincha that should have been the basis of our success.

[EL COMERCIO] What other mistakes were made?

[Hurtado] A second failing had to do with the lack of any ideological, program, or political confrontation with the candidate Nebot, which I consistently urged and discussed in every public statement I made. Look at who advanced to the second round—the candidate who faced up to Nebot in all sectors.

[EL COMERCIO] Who argued against following this strategy?

[Hurtado] I am not in a position to answer. That is a question you must ask other individuals.

[EL COMERCIO] Who are those responsible for the defeat?

[Hurtado] Victory has a thousand sponsors, defeat none. No way will I name those responsible publicly. If I have failed to do so privately, I am not going to do so for the media.

[EL COMERCIO] But do you accept the questions raised and the idea that the political scenario could have been different?

[Hurtado] I believe that we had a winning candidate.

[EL COMERCIO] And why did he not win?

[Hurtado] I believe that mistakes were made. I may have made some, but not exactly those mentioned by Paz. I probably made others, but that I failed to give my full support to the campaign with all the working ability I have, with all of the determination I routinely invest in everything in which I believe—this seems to me to be absolutely wrong. And the members of the Committee and those who worked on the campaign can testify to this. Nor can I accept the fact that it has been said—without excluding me—that the former presidents have failed to contribute to resolving the problems of Ecuador, but have instead made them worse. And worse still, that privately and publicly they have said just the opposite. And if the "enmity" among the former presidents to which Rodrigo Paz refers is sad, so is the "enmity" among Mayors Mahuad, Paz, Herdoiza, and Perez.

[EL COMERCIO] Who will have the support of the DP on the second round?

[Hurtado] On Sunday, I said that I could not on any account vote for Nebot. I said that the National Council would meet to make a decision, and that doubtless the opinion of the presidential candidate would influence that decision. But I want to go farther. The position I am going to take is to refrain from supporting either Bucaram or Nebot, with whom we have ideological, program, political, and ethical differences that prevent the DP from approving a resolution of support. No matter which candidate becomes president, the country can only expect bad things. There are no basic differences between the two candidates. I go back to the nature of the Social Christian government in which Mr. Nebot participated, and to the nature of the mayoral office in Guayaquil when it was controlled by members of the Bucaram family.

[EL COMERCIO] And what is the alternative?

[Hurtado] We are going to discuss this on Monday.

[EL COMERCIO] Do you admit the losses suffered by the center-left in these elections?

[Hurtado] How could there fail to be losses? If the second round is a contest between two types of populism—a pure populism and a right-wing populism, then it cannot be said that either of the candidates represents the center-left.

[EL COMERCIO] Has the time come for the center-left to divide, with the announcement of a new party and the emergence of Freddy Ehlers?

[Hurtado] This business about another party remains to be decided. There may be another party, there may be

an expansion of the DP or a reorganization of the DP. What we must do is to utilize the established channel, in order to keep within it the progressive citizens who supported the candidacy of Paz, and on that basis, to multiply the membership in order to develop a majority party of the center-left. This is something the voters have already determined in this electoral contest. There is a new majority party of the center-left and it is the DP. The ID can no longer claim that title. And we are going to have more deputies. We have reports that Raul Patino plans to join the officials elected by the DP, since he has joined the minority contingent in the province of Guayas. We may reach a total of 13 or 14.

[EL COMERCIO] But this means ignoring the rising success of a figure who has won a space in the center-left sector. What does this mean for you?

[Hurtado] If we are talking about political organizations, this electoral front of Mr. Ehlers has far fewer deputies than the DP, together with the ID and Pachakutik, and then again, they are two different political organizations. Mr. Ehlers has said that in no way does he intend to establish a political organization, and the adherents of Pachakutik are opposed to and critical of the political parties. If Mr. Ehlers and Pachakutik change their minds, we will have to discuss the formation of a great political organization with them as well.

[EL COMERCIO] Has the battle isolated the center-left from the voters and from the political scene?

[Hurtado] It has. And the results of the elections last Sunday are the best proof of this. But I do not want it to continue to be isolated. And for this reason, I prefer to talk about the future.

[EL COMERCIO] Paz has asserted that the party has become far removed from the base levels. Do you accept this criticism, at this time when a new party is being contemplated?

[Hurtado] Thank the Lord there is some intelligence to be found in the DP, because if there were not, we would be in a situation today like that of other organizations in the center-left. Thank the Lord there was enough intelligence in the DP to lead it to choose Paz as the presidential candidate. Thank the Lord for the intelligence in the DP that allowed us to have a mayor in Quito who has just won reelection by an overwhelming vote. And thank the Lord that there was enough intelligence in the DP to elect more than 12 deputies, the majority of them members of the DP. But despite this, we are making an effort to ensure even greater influence for the party in the popular sectors. No one disagrees with this.

[EL. COMERCIO] Will there be an evaluation and a judgment of the actions of Rodrigo Paz?

[Hurtado] I do not believe so. I agreed to this interview because Rodrigo, a friend for 20 years, has made some statements that are, to say the least, unfortunate. I do not believe that the DP will issue any judgment. On Monday we will adopt a resolution. However, the meeting was not convoked for this purpose but to discuss the future.

[EL. COMERCIO] Is there a split between the DP and Paz?

[Hurtado] The country is tired, fed up, and irritated by these internal and personal conflicts among politicians. And I do not want to add one more. There is a serious difference that I hope can be resolved, but I cannot, out of respect for public opinion and the truth, fail to respond to his statements.

Peru

Peru: Fujimori Accuses Media of Concealing Corruption

PY1406030096 Madrid EFE in Spanish
0056 GMT 11 Jun 96

[FBIS Translated Text] Lima, 10 Jun (EFE) — Having accused "some Peruvian media" of concealing corruption "within and outside the state," Peruvian President Alberto Fujimori stated today that he will push ahead with his current moralization policy.

Fujimori further stated that his administration will not pursue "the deeply rooted custom of wiping the slate clean, which enabled the looting of the state." The head of state thus alluded to the administrations that preceded his, which refused to delve into cases of corruption in the entire apparatus of government.

The chief executive broached this issue at a time when the case of Ana Kanashiro, former head of the National Family Welfare Institute (Inabif) — against whom charges of corruption have been leveled by the government — is being given ample coverage in the Peruvian press.

This case has elicited a lot of interest due to the fact that Kanashiro was considered to be part of the inner circle of the president, who appointed her senator in 1990 and Inabif director in 1994.

Referring to the Kanashiro case, Fujimori said: "I do not throw in my lot with anybody or have any friends when fighting corruption is at stake."

In reference to the press, the Peruvian president said: "We shall not wipe the slate clean any longer. Nor should we tolerate that some media 'lobby' [preceding

word in English] for hiding immorality within and outside the state."

Fujimori added: "There is a newspaper that uses all the means at its disposal to change the public image of those guilty of corruption by turning them into victims. Tax evaders and corrupt officials intend to get away with murder by resorting to this legerdemain."

The head of state thus hinted at the Kanashiro case and that involving businessman Ricardo Palma, who has been accused of tax evasion and other tax related crimes and who is nonetheless portrayed by a sector of the press as a victim of alleged "political vengeance."

Fujimori asserted that "despite everything," his administration's "watchword within and outside the government will continue to be: To moralize."

The president moreover reported that his administration has adopted other moralizing measures which have enabled the state to save a considerable amount of financial resources and earmark those savings for more public works.

Among the moralizing measures, Fujimori mentioned "the elimination of brokers [preceding word in English] for government procurement," adding that in so doing, his administration managed to save \$2 million per annum.

In concluding, the president announced that as of next month, all trips abroad by government officials will have to be authorized by ministers of state and confirmed by the Presidency so as to "prevent unnecessary trips."

Peru: Ombudsman's Lack of Budget Discussed

96SM0364A Lima LA REPUBLICA in Spanish
11 Jun 96 p 1

[Unattributed article: "Only a Few Weeks Before He Must Begin Serving the Public, the Ombudsman Still Has No Budget and No Permanent Office" — received via Internet]

[FBIS Translated Text] Ombudsman Jorge Santistevan de Noriega yesterday expressed concern over the fact that he has no permanent office and no budget has yet been allocated to him.

"Our budget needs to be established this week so that we can begin to operate more extensively," he said. "All we have at present is the support we receive in the form of international cooperation."

Santistevan declared that the Ombudsman Office is the poorest of all the state institutions. He said he is working with the Ministry of Economy and Finance to

establish—as soon as possible—the budget it needs and also to acquire an office in downtown Lima.

He said that because of the lack of a budget he has not yet been able to appoint the personnel that his office needs. He explained, however, that the competitive examinations for the positions of principal deputy ombudsman are already being prepared.

"The Ombudsman Office has undertaken a commitment to begin service to the public on 11 September, and we must keep it," he insisted.

Santistevan made these statements after receiving a donation of 10 computers and printers that were delivered by Jose Luis Gagliardi, general manager of the Peruvian Credit Bank, to the ombudsman's temporary office on the third floor of the National Bank headquarters in downtown Lima.

This is the first donation he has received from any company in the private sector.

The Ombudsman Office had previously received donations from international organizations such as the Agency for International Development (AID), which provided it with technical advice and computers.

The Ombudsman Office is an agency that beginning on 11 September will hear the complaints of citizens concerning unlawful or fraudulent acts by the public administration. At the present time, these complaints are being heard by the special prosecutors who work in the building that houses the Office of the Public Prosecutor.

"When the Ombudsman Office receives a complaint," Santistevan said, "it will first verify the legality of the complaint and then pay a visit to the entity cited by the complainant, for the purpose of solving the problem through our mediation efforts."

He explained that the Ombudsman Office will not engage in complicated and cumbersome negotiations that are intended to conclude with a ruling, but will attempt to resolve problems by taking immediate action.

He emphasized that the Ombudsman Office should have powers of mediation that will enable it to solve problems and not complicate them.

Santistevan plans to establish two specialized ombudsman offices by the end of the year: One in Lima, to deal with women's issues; the other in Ayacucho, to deal with cases involving displaced persons.

Within the next few weeks, Ombudsman Santistevan will meet with the public prosecutors in Lima and in the provinces to discuss the rules governing the procedures for operating his office and coordinating its operations.

"Dr. Delma Carpio is coordinating the activities of the Ombudsman Office with the offices of the special prosecutors," he said. "We must be prepared to transfer cases in a manner that will not adversely affect the interests of the citizens."

The ombudsmen of Argentina, Spain, Guatemala, El Salvador, Mexico, and Honduras will meet in Lima on 1 and 2 July to exchange experiences with the recently elected ombudsman of the Peruvian people.

The meeting is organized by the Ombudsman Office under the auspices of UNESCO, the Andean Jurists Commission, and AID.

Peru: Agricultural Projects Slated for Privatization
96SM0367A Lima EL COMERCIO in Spanish
27 May 96 p E1

[Unattributed article: "State To Sell Nine Special Projects Within Three Years"]

[FBIS Translated Text] *A total of 120,000 hectares in the coastal region that are destined for the growing of export crops will be transferred to the private sector.*

Privatization of the nine special projects in the Peruvian coastal region involves the sale of 120,000 hectares, of which 74,000 hectares will be transferred to private ownership within the next 12 months and the remaining 48,000 hectares within the following three years. [as published]

The group to be privatized consists of the Tumbes Irrigation District (Tumbes Department); the Chira-Piura special project (Piura Department), and the Olmos Experimental Area (Lambayeque Department).

To this group will be added the special projects of Jequetepeque-Zana (La Libertad Department); Chavimochic (La Libertad); Chinecas (Ancash); the Majes Irrigation Project (Arequipa), Pasto Grande (Moquegua); and the Tacna Project (Tacna).

According to a source within the Executive Branch, most of the 74,000 hectares that will be sold the first year—including those that comprise the Chavimochic Project, which will be sold at auction next July—already possess the necessary irrigation infrastructure, which has not yet been completed in the remaining areas.

The same source disclosed that the Peruvian Government has spent a total of \$5 billion on the nine projects. The current national administration believes that there should be no further government spending on these projects and therefore seeks—through privatization—to make better use of the existing irrigated lands.

This source explained that in any case, these projects will be completed by the private sector at some time in the future.

The source explained that in an effort to attract private investors, the coastal lands offered for sale have been designated for the growing of export crops.

There Are Also Projects in the Mountains

Our source indicated that the plan for privatizing these projects will be published shortly in the form of a supreme decree together with the appointment of a Special Committee in charge of each of the nine privatizations, or perhaps a single committee in charge of all of them.

Our source said that the public auction of farm plots—the procedure being used in Chavimochic—could be applicable to the rest of the projects, although different procedures are not being ruled out.

As for the price of these hectares of land, our source explained that their value at the moment of their sale is not very important compared to the value these areas will have after they are developed under the management of investors who are able to increase their productivity and provide additional jobs.

Lastly, our source maintained that although special projects in Peru's mountain region are also scheduled for privatization, nothing has been finalized in that regard. Instead, it was decided to prioritize the transfer of title to the coastal projects so that they can serve as the basis for the development of Peruvian agriculture.

Peru: State Fisheries Plans Nine Sales

96SM0367B Lima EL COMERCIO in Spanish
29 May 96 p E1

[Unattributed article: "Sale of Nine Pesca-Peru Installations Begins, Only Two of Which Were Offered Previously"]

[FBIS Translated Text] Six processing plants and three fish-oil refineries belonging to the National Fishing Enterprise (Pesca-Peru) will be sold at auction between July and August of this year. Starting prices will range from \$5.2 million to \$6.35 million.

The process begins today with the sale of the basic documents [bases] at a cost of \$200 at each of the nine installations.

The installations to be sold under this plan are the Chimbote Sur plant; the Chimbote refinery; the Supe Sur, Chancay, Tambo de Mora Norte, and Callao plants; the Callao refinery; the Ilo Norte plant, and the Ilo refinery.

The chairman of the Special Committee for the Privatization (Cepri) of Pesca-Peru, Rear Admiral (retired) Dante Matellini of the Peruvian Navy, explained that of this group of installations, only the Chimbote plant and refinery had been offered for sale previously, at public auctions that were subsequently declared vacated. The remainder are being offered for sale for the first time.

"These installations will go on sale in groups of two or three per week," Matellini explained.

He said that when the auction is held—sometime during the closed season, which extends from August to early October—Cepri, the organization he heads, will sell other assets of the Pesca-Peru enterprise, including land.

"The remaining installations of Pesca-Peru, which consist of nine additional plants and two refineries, will be sold in October," he explained.

Matellini said the reason for the sale that begins today is that the fishing sector is currently being revitalized and the banking system is paying greater attention to this activity, all of which justifies the sales strategy that has been adopted in the present case.

In response to the criticism of the six plants that is being expressed in some quarters—criticism that alleges they are scrap and cites this is the reason why attempts to sell similar plants have failed—Matellini insisted that these statements are false, inasmuch as the installations of Pesca-Peru are in the same condition as those of the private sector.

"Only 25 percent of the private processing plants are modern," he declared; "the rest consist of old technology similar to that of Pesca-Peru."

He announced that the bidders include Peruvian shipowners who are associated with foreign shipowners.

Program for Peruvian Entrepreneurs

The Entrepreneurial Promotion program for Peruvian entrepreneurs that is being used for this privatization stipulates that the purchasers of these installations will make an initial payment of 40 percent of their value and pay the remaining 60 percent on terms.

According to the Cepri of Pesca-Peru, these terms will extend over a period of three years and six months.

During the first half year of the three years and six months, the purchasers will have to pay only the interest on their debt, while the amortization corresponding to the remaining three years will be paid "in quarterly installments."

The interest charged will be at the Liber [London Interbank Offered Rate] corresponding to 180 days plus 2 percent.

Purchasers who avail themselves of this program of entrepreneurial promotion must provide a guarantee in order to obtain the aforementioned credit, and for this purpose the Cepri requires either a bank letter of credit equivalent to 32 percent of the price offered or "a stand by" [preceding two words in English] letter of credit."

The remaining 28 percent of the credit must be secured by a mortgage and lien on the assets of the installation being acquired.

Venezuela

Venezuela: Metropolitan Police To Launch Security Operation

PA1306125296 Caracas Venezolana de Television Network in Spanish 0230 GMT 11 Jun 96

[FBIS Translated Text] In light of the recent attacks against mini buses and their drivers, the Metropolitan Police (PM) will launch a security operation in order to prevent a reoccurrence of these actions. Here is Jose Vicente Antonetti with a report.

[Antonetti] This morning, Raul Maldonado, president of the Single Union of Independent Vehicles, accompanied by other union leaders, met with Federal District Governor Abdon Vivas Teran and PM Deputy Chief Colonel Luis Alberto Camacho to find a solution to the problem triggered by the burning of 14 mini buses.

The transportation workers have asked that security and surveillance operations be implemented until the PM dismantles and arrests the members of the gangs that have attacked them, since thus far this year, criminals have killed 25 drivers. In addition, drivers have been the targets of an average of 70 assaults a day. Aware of this situation, the PM will assign members to accompany mini bus drivers from now on.

[Begin Camacho recording] We can use the buses to go to different points in Caracas and to watch them. Thus, we do not need to divert resources or reduce our presence on the streets of Caracas. We will merely be reallocating of our human resources. [end recording]

[Antonetti] The Governor's Office has already drafted a list of the parking places used by the mini buses in order to keep watch over them. This organization will also implement operations along their routes.

[Begin Maldonado recording] We have also set up a system of night police checkpoints and we hope to have enough manpower to implement it and maintain it

throughout the night, including the span between 0100 and 0300. [end-recording]

[Antonetti] The drivers themselves alerted the MP to methods used by the criminals to seize the mini buses.

[Begin Maldonado recording] When you see a mini bus driving on 23 January Street that is not supposed to be covering that route, you can be certain that the criminals have seized it. They take the bus, with all the passengers, to a specified area and there they strip everyone of their personal effects. Subsequently, the criminals go their separate ways. [end recording]

[Antonetti] The transportation workers indicated that for the time being, they will not strike. They added, however, that next week, they will stage a demonstration to protest the current crime wave.

Venezuela: Council Examines Economic Analysis

PA1306145296 Caracas EL UNIVERSAL in Spanish 10 Jun 96 p 2-1

[Report by Luis Manuel Escalante]

[FBIS Translated Text] The current macroeconomic adjustments program is putting too much emphasis on the conditions imposed by the IMF, the World Bank, and the Inter-American Development Bank. This will worsen poverty, according to an analysis by the National Council for the Economy [Consejo de Economia Nacional], and this is why it insists on the implementation of additional measures that will promote industrial, agricultural, and service policies that "are not amply included in the Venezuela Agenda, which omitted incentives for local investors and seems to have exaggerated incentives for foreign investors."

The document drafted by the aforementioned council, which Adam Celis presides over, also proposes the creation of a country project [proyecto de pais] that will include "a firm and profound determination to implement clear and well-defined social security policies in combination with the macroeconomic measures."

Following a thorough analysis of the situation the country was experiencing, in light of all the negative effects it is triggering among the Venezuelan people, the Council said that this plan, despite its many limitations, "must be viewed as a sign of improvement." [sentence as published]

Advantages

Among the advantages of the aforementioned plan, based on the opinions of various sectors, the National Council for the Economy stressed the following, which are in no particular order:

"A possibility of diminishing the inflationary stagnation; a free access to the purchase of foreign exchange; a possibility of economic recovery; the normalization of interest rates; the improvement in financial intermediation; the incentives to nontraditional exports; the speeding up of privatizations; the strengthening of international reserves; the luring of foreign investors; a multilateral financing for social programs; and the execution of a preconceived plan."

Disadvantages

Following are some of the disadvantages the National Council for the Economy found in its analysis on the plan:

"A sudden increase in prices; high interest rates, which will further contract the economy; adverse effects on financial intermediation due to the aforementioned economic contraction; an increase in tax rates; a fiscal crisis stemming from an increase in spending; social conflicts; a lack of coordination in social programs; an unchanged legal framework; a delay in the job plan; a lack of long-run planning; and too much emphasis on the international multilateral organizations' conditions."

Poverty Expands

The Council began its analysis of the adjustment plan with a quick and dirty synopsis of what had been happening at the economic and social levels in Venezuela as a result of the lack of a coherent plan and the emphasis on not implementing suitable corrective actions. This had invoked an expansion of poverty as a result of an increase in consumer prices of approximately 23.9 percent during the first quarter of the year and a 25-percent drop in real minimum salaries.

This scenario was becoming increasingly complicated in light of the complexity of a budget restructuring, the lack of agreement with the IMF and, domestically, the lack of agreement to resolve urgent problems, such as that of the social benefits, which continue to hobble salary increases in real terms.

Faced with this situation, on 15 April, President Rafael Caldera announced a group of measures that, to a great extent, confirmed the remarks that his ministers had already made about them.

Some of these remarks were about the following specific measures: The increase in fuel prices in the domestic market; the total lifting of the exchange control in place since 27 June 1994; the increase in the luxury tax rate and wholesale transactions, from 12.5 percent to 16.5 percent, which will be subject to Congress' approval; the liberalization of interest rates; and the increase in the fares of public services.

The implementation of all these measures has aggravated the poverty level, which is already affecting approximately 81 percent of the population. In light of this situation, and along with the economic adjustment program, the government approved a plan of 14 social programs, which will be allocated more than 580 billion bolivares, that is, more than 2 percent of GDP.

Backwardness

Despite the almost two months that have elapsed since the announcement of the measures, and even though all of them have not yet been entirely implemented, "the situation looks quite unstable."

According to the Economy Council, "several economic groups seem to be waiting for more information on the details and the currency's likely behavior, given the high level of dollarization reached by the Venezuelan economy. Meanwhile, consumers have not recovered from the price increases that have plagued them since December."

The family basket exceeds 87,000 bolivares, therefore, the minimum wage turns out to be entirely useless. "This circumstance implies that more families are joining the already large group of extremely poor Venezuelans."

The document suggests "the possibility that several measures to prevent activities that generate jobs be revoked."

Meanwhile, it stresses that "many sectors have called attention to an escalation in criminal activities accompanied by an increase in insecurity, which could have negative effects on the plan's performance."

National Project

According to this analysis, it is necessary to implement complementary measures that promote the productive sector as the generator of stable and well-paying jobs, which will allow the implementation of a social security system.

However, this study indicates that "the influence of individuals who oppose traditional values and their determination to squelch self-esteem and self-respect still prevails. Our society has embraced a culture that exalts waste, squandering, corruption and improvisation."

This means that it is necessary to design a project that allows us "to use the moral strengths and reserves we still have and rechannel our investment, work, and dedication into domestic productive, social, and cultural priorities."

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